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FINANCIAL HIGHLIGHTS

For the year ended 31 December 2008

	2008 HK$'000	2007 HK$'000	+/(-)%
Total Assets	**2,898,447**	2,651,543	9.31
Capital and Reserves	**2,026,969**	1,903,573	6.48
Issued Share Capital	**340,200**	340,200	–
Turnover	**807,810**	638,263	26.56
Profit Before Taxation	**296,929**	339,088	(12.43)
Profit Attributable to Equity Shareholders	**185,250**	235,355	(21.29)
Basic Earnings Per Share (cents)	**54.5**	69.2	(21.24)
Dividends attributable to the year (cents per share)	**17.5**	17.0	2.94

CORPORATE INFORMATION

DIRECTORS

HO Kian Guan – *Executive Chairman*
HO Kian Hock – *Deputy Executive Chairman*
TSE See Fan Paul
CHAN Lui Ming Ivan
YU Yuet Chu Evelyn
HO Chung Tao
HO Chung Hui
HO Chung Kain (Alternate to HO Chung Hui)
* HO Kian Cheong
** CHAN Yau Hing Robin
** KWOK Chi Shun Arthur
** WANG Poey Foon Angela

* *Non-executive Director*
** *Independent Non-executive Director*

AUDIT COMMITTEE

CHAN Yau Hing Robin – *Chairman*
KWOK Chi Shun Arthur
WANG Poey Foon Angela

REMUNERATION COMMITTEE

TSE See Fan Paul – *Chairman*
YU Yuet Chu Evelyn
CHAN Yau Hing Robin
KWOK Chi Shun Arthur
WANG Poey Foon Angela

SECRETARY

YUEN Chiu Yuk Ida

AUDITORS

KPMG
8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

SHARE REGISTRARS & TRANSFER OFFICE

Tricor Tengis Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

REGISTERED OFFICE

Room 2902 West Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

COMPANY'S WEBSITE

http://www.keckseng.com.hk

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the results of the Group for the year ended 31 December 2008.

RESULTS

The consolidated Group net profit attributable to equity shareholders for the year 2008 amounted to HK$185 million, a reduction of 21% as compared to HK$235 million in the previous year. Earnings per share for the year 2008 amounted to HK$0.55 per share as compared to HK$0.69 per share in 2007.

DIVIDENDS

The Board is recommending that a final dividend of HK$0.125 per share be paid for the year ended 31 December 2008. An interim dividend of HK$0.05 per share has already been paid. Total dividends for the year will be HK$0.175 per share.

REVIEW OF OPERATIONS

Our Group's turnover for 2008 increased by 27% to HK$808 million, as compared to HK$638 million in 2007.

A summary and analysis of the operations are as follows.

Vietnam

Despite the cooling off of the Vietnam economy which started in early 2008, our Group's Vietnam operations reported a significant increase in profitability. Profit before tax increased to HK$205 million, as compared to HK$158 million in 2007, an increase of 30%.

Sheraton Saigon Hotel & Towers Average room rate improved to US$223 per room night in 2008, as compared to US$191 in 2007. The serviced apartments in the Executive Residences have been successfully converted into 112 luxurious hotel rooms and re-branded as Sheraton Saigon Grand Tower. The entire project was completed in April 2008. This conversion and renovation has allowed the hotel to continue its role as one of the premier hotel properties in the city. During 2008, the hotel was voted Best Business Hotel in Vietnam by Business Asia Magazine, amongst having won other international and local accolades in the past few years.

Caravalle Hotel For 2008, average room rate for the year improved to US$197 per room night, as compared to US$168 in 2007. Contribution to the Group's profit after tax was in the amount of HK$15 million for the year, a 10% increase as compared to 2007.

Macau

Total revenue in Macau for 2008 was HK$139 million, an increase of 103% as compared to the previous year. Profit before tax in 2008 was HK$83 million, a reduction of 2% as compared to 2007. The increase in revenue was due primarily to our Group's taking advantage of the still buoyant state of the property market in the first half of 2008, and the successful launch and sale of residential units in Sakura Court, Ocean Gardens during that period. Proceeds from the sale of properties amounted to HK$82 million, an increase of 228% as compared to 2007. Hence, Macau actually reported a significant two-fold increase in contribution before accounting for non-operational items. The decrease in profit after tax was due to the drastic reduction of net exchange gain, as well as a more moderate increase in fair value of properties when compared to the previous year.

The People's Republic of China

Holiday Inn Riverside Wuhan Total revenue from the hotel for the year 2008 increased to HK$62 million as compared to HK$55 million in 2007, an increase of 12%. Average room rate for the year reduced to RMB369, as compared to RMB393 in 2007. During the year, occupancy rate improved to 69%, as compared to 67% in 2007. The lower average room rate is consistent with the performance of other hotels in the city. Competition continues to be robust in this market.

CHAIRMAN'S STATEMENT (Continued)

Canada

The Canadian economy continued to perform satisfactorily in 2008. Profit before tax for Canadian operations improved to HK$9 million in 2008, as compared to HK$7 million in 2007, an increase of 24%.

The Sheraton Ottawa Hotel The hotel reported an average room rate of C$164 for 2008, which is about the same as that in 2007. There was an increase in occupancy rate for the year to 63%, as compared to 61% in 2007.

Doubletree by Hilton The hotel situated at the Toronto Airport reported improved net earnings. Average room rate increased marginally to C$114 in 2008, from C$113 in 2007. Occupancy rate also increased during the year to 75%, from 74% in 2007.

Four Points by Sheraton in Quebec also reported improved net earnings. Average room rate improved to C$112 in 2008, from C$109 in 2007. Occupancy remained stable at around 64% for both 2008 and 2007.

Other Net Loss

Net exchange gain for 2008 amounted to HK$16 million, as compared to HK$112 million in 2007, reduction of HK$96 million.

Net realized and unrealized losses on trading securities amounted to HK$39 million, as compared to HK$9 million in 2007.

Primarily as a result of the reduction in net exchange gain, and the increase in losses on trading securities, our Group reported an other net loss of HK$23 million, as compared to an other net gain of HK$94 million in 2007.

PROSPECTS

Looking ahead to 2009 and beyond, it will be prudent for our Group to continue to enhance the competitiveness of its properties and hotels, and to suitably position these products to take advantage of any upturn in the economy.

Our Group maintains long term perspectives for investment and operations, and views its strong cash position and minimal gearing as significant advantages both in weathering the current financial vicissitudes, as well as being in a position to review options for possible acquisitions in markets or industries in which our Group is experienced.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to express our sincere appreciation to the management and staff of our Group for their diligence, dedication and loyalty. The independent non-executive directors have also continued to dispense generously their professional advice and guidance.

Ho Kian Guan
Executive Chairman

Hong Kong, 23 April 2009

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The principal activities of the Company and its subsidiaries (the "Group") are hotel and club operations, property investment and development and the provision of management services.

The principal activities of the Company are investment holding and those of its subsidiaries are set out in Note 34 to the financial statements.

The analysis of the principal activities and geographical locations of the operations of the Group during the financial year are set out in Note 11 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2008:

(i) the aggregate amount of purchases attributable to the Group's largest and five largest suppliers represented 42% and 57% of the Group's total purchases respectively.

At no time during the year have the directors, their associates or any equity shareholder of the Company, who to the knowledge of the directors, owns more than 5% of the Company's share capital, had any interests in these major suppliers.

(ii) the aggregate amount of turnover attributable to the Group's five largest customers represented less than 9% of the Group's total turnover.

FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2008 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 23 to 79.

TRANSFER TO RESERVES

Profits attributable to equity shareholders, before dividends, of HK$185,250,000 (2007: HK$235,355,000) have been transferred to reserves. Other movements in reserves of the Company are set out in Note 26 to the financial statements.

An interim dividend of HK$0.05 per share (2007: HK$0.05 per share) was paid on 22 October 2008. The directors now recommend the payment of a final dividend of HK$0.125 per share (2007: HK$0.12 per share) in respect of the year ended 31 December 2008.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to HK$782,000 (2007: HK$231,000).

FIXED ASSETS

Details of the movements in fixed assets during the year are set out in Note 12 to the financial statements.

REPORT OF THE DIRECTORS (Continued)

DIRECTORS

The directors during the financial year and up to the date of this report are:

Executive directors

HO Kian Guan – *Executive Chairman*
HO Kian Hock – *Deputy Executive Chairman*
TSE See Fan Paul
CHAN Lui Ming Ivan
YU Yuet Chu Evelyn
HO Chung Tao (appointed on 15 October 2008)
HO Chung Hui (appointed on 15 October 2008)
HO Chung Kain (Alternate to HO Chung Hui with effect from 15 October 2008)

Non-executive directors

HO Kian Cheong
CHAN Yau Hing Robin*
KWOK Chi Shun Arthur*
WANG Poey Foon Angela*

* *Independent non-executive directors*

Messrs Ho Kian Guan, Tse See Fan Paul and Ho Kian Cheong shall retire from the Board of directors at the forthcoming annual general meeting in accordance with article 116 and Messrs Ho Chung Tao and Ho Chung Hui shall retire in accordance with article 99 of the Company's articles of association, being eligible, offer themselves for re-election.

The Company has not entered into service contracts with any of the above directors except for Mr Chan Lui Ming Ivan, Mr Ho Chung Tao and Ms Yu Yuet Chu Evelyn.

The non-executive directors are not appointed for a fixed period of term but are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Company's articles of association.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

The directors of the Company who held office at 31 December 2008 had the following interests in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (the "Associated Corporations") at that date as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"):

Number of ordinary shares (unless otherwise specified)

Long Positions:

Name of Company	Name of Directors	Personal Interests (1)	Corporate Interests	Total	% Interest
Keck Seng Investments (Hong Kong) Ltd	Ho Kian Guan	204,480	197,556,320(2)	197,760,800	58.13
	Ho Kian Hock	480	197,556,320(2)	197,556,800	58.07
	Ho Kian Cheong	55,160,480	–	55,160,480	16.21
	Tse See Fan Paul	288,720	–	288,720	0.08
	Chan Yau Hing Robin	180,000	720,000(3)	900,000	0.26
	Kwok Chi Shun Arthur	202,000	–	202,000	0.06
Lam Ho Investments Pte Ltd	Ho Kian Guan	–	32,410,774(4)	32,410,774	99.70
	Ho Kian Hock	–	32,410,774(4)	32,410,774	99.70
	Ho Kian Cheong	96,525	–	96,525	0.30
Shun Seng International Ltd	Ho Kian Guan	–	83,052(5)	83,052	83.05
	Ho Kian Hock	–	83,052(5)	83,052	83.05
	Ho Kian Cheong	1,948	–	1,948	1.95
Hubei Qing Chuan Hotel Co Ltd – paid in registered capital in US$	Ho Kian Guan	–	13,163,880(6)	13,163,880	80.76
	Ho Kian Hock	–	13,163,880(6)	13,163,880	80.76
	Ho Kian Cheong	1,017,120	–	1,017,120	6.24
	Kwok Chi Shun Arthur	–	489,000(7)	489,000	3.00
Golden Crown Development Ltd – common shares	Ho Kian Guan	–	56,675,000(8)	56,675,000	80.96
	Ho Kian Hock	–	56,675,000(8)	56,675,000	80.96
	Ho Kian Cheong	1,755,000	–	1,755,000	2.51
	Tse See Fan Paul	50,000	–	50,000	0.07
Ocean Gardens Management Co Ltd	Ho Kian Guan	–	100,000(9)	100,000	100.00
	Ho Kian Hock	–	100,000(9)	100,000	100.00
Shun Cheong International Ltd	Ho Kian Guan	–	4,305(10)	4,305	43.05
	Ho Kian Hock	–	4,305(10)	4,305	43.05
	Ho Kian Cheong	195	–	195	1.95
	Kwok Chi Shun Arthur	–	5,500(11)	5,500	55.00
KSF Enterprises Sdn Bhd	Ho Kian Guan	–	10,000(12)	10,000	100.00
	Ho Kian Hock	–	10,000(12)	10,000	100.00
Chateau Ottawa Hotel Inc – common shares	Ho Kian Guan	–	4,950,000(13)	4,950,000	55.00
	Ho Kian Hock	–	4,950,000(13)	4,950,000	55.00
Chateau Ottawa Hotel Inc – preferred shares	Ho Kian Guan	–	2,475,000(14)	2,475,000	55.00
	Ho Kian Hock	–	2,475,000(14)	2,475,000	55.00

REPORT OF THE DIRECTORS (Continued)

Notes:

(1) This represents interests held by the relevant directors as beneficial owners.

(2) This represents 100,909,360 shares held by Kansas Holdings Limited and 96,646,960 shares held by Goodland Limited, in which companies each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.

(3) This represents interests held by United Asia Enterprises Inc controlled by Dr Chan Yau Hing Robin by virtue of the fact that United Asia Enterprises Inc or its directors were accustomed to act in accordance with the directions of Dr Chan.

(4) This represents 29,776,951 shares (91.6%) indirectly held by the Company and 2,633,823 shares (8.1%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.

(5) This represents 75,010 shares (75.01%) indirectly held by the Company and 8,042 shares (8.04%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.

(6) This represents US$8,965,000 (55%) indirectly contributed by the Company and US$4,198,880 (25.76%) contributed by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.

(7) This represents interests held by AKAA Project Management International Limited which was wholly owned by Kwok Chi Shun Arthur.

(8) This represents 49,430,000 shares (70.61%) indirectly held by the Company and 7,245,000 shares (10.35%) held by various companies in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.

(9) This represents 1 quota of Ptc99,000 (99%) indirectly held by the Company and 1 quota of Ptc1,000 (1%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.

(10) This represents 3,501 shares (35.01%) indirectly held by the Company and 804 shares (8.04%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.

(11) This represents interests held by Larcfort Incorporated in which Kwok Chi Shun Arthur had a controlling interest.

(12) This represents 2,500 shares (25%) directly held by the Company, 2,499 shares (24.99%) held by Goodland Limited in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly and 5,001 shares (50.01%) held by Keck Seng (Malaysia) Bhd in which each of Ho Kian Guan and Ho Kian Hock was a substantial shareholder and a director.

(13) This represents 4,500,000 common shares (50%) indirectly held by the Company and 450,000 common shares (5%) held by Allied Pacific Investments Inc in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.

(14) This represents 2,250,000 preferred shares (50%) indirectly held by the Company and 225,000 preferred shares (5%) held by Allied Pacific Investments Inc in which each of Ho Kian Guan and Ho Kian Hock had 1/2 interest indirectly.

Save as mentioned above, at 31 December 2008, none of the directors of the Company or any of their associates had interests or short positions in the shares, underlying shares or debentures of the Company or any of its Associated Corporations, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SUBSTANTIAL INTERESTS AND SHORT POSITIONS IN SHARES

At 31 December 2008, the interests and short positions of those persons (other than the directors) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Positions:

Name	Capacity in which shares were held	Number of ordinary shares held	% of total issued share capital of the Company
Ocean Inc. *(Note 1, 2)*	Interests of controlled corporations	197,556,320	58.1
Pad Inc *(Note 1)*	Interests of controlled corporations	96,646,960	28.4
Lapford Limited *(Note 1)*	Interests of controlled corporations	96,646,960	28.4
Kansas Holdings Limited *(Note 1)*	Interests of controlled corporations	96,646,960	28.4
Kansas Holdings Limited *(Note 2)*	Beneficial owner	100,909,360	29.7
Goodland Limited *(Note 1)*	Beneficial owner	96,646,960	28.4

Notes:

(1) Ocean Inc, Pad Inc, Lapford Limited and Kansas Holdings Limited had deemed interests in the same 96,646,960 shares beneficially held by Goodland Limited.

(2) Ocean Inc had deemed interests in the same 100,909,360 shares beneficially held by Kansas Holdings Limited.

Save as mentioned above, at 31 December 2008, the Company had not been notified of any interests and short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under section 336 of the SFO.

MANAGEMENT ARRANGEMENTS

During the year ended 31 December 2008, there existed the following arrangements for an indefinite period:

(1) Goodland Limited ("Goodland") acts as the project manager of Golden Crown Development Limited for its Ocean Gardens development in Taipa Island, Macau for a management fee and is also responsible for marketing the development.

(2) Goodland provides management services to Ocean Incorporation Ltd in return for a management fee.

Messrs Ho Kian Guan and Ho Kian Hock were interested in the above arrangements as substantial shareholders and directors of Goodland.

DIRECTORS' INTERESTS IN CONTRACTS

For the year ended 31 December 2008, certain subsidiaries of the Company had transactions with Goodland as set out in Note 31 to the financial statements.

Messrs Ho Kian Guan and Ho Kian Hock were interested in the above arrangements as substantial shareholders and directors of Goodland.

Apart from the foregoing and the management arrangements set out above, no contract of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

One of the direct competitors of the Group's hotel in Wuhan, Holiday Inn Riverside Wuhan, is the Shangri-La Hotel, Wuhan whose majority owner and operator is Shangri-La Asia Limited ("SAL").

Mr Ho Kian Guan is a non-executive director of SAL, a company whose shares are listed on the Hong Kong Stock Exchange and Mr Ho Kian Hock is his alternate on the board of SAL.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries during the year.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group at 31 December 2008 are set out in Note 15, Note 21, Note 23 and Note 31 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

FIVE YEAR SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 80 of the annual report.

PROPERTIES

Particulars of the properties and property interests of the Group are shown on page 81 of the annual report.

PERSONNEL

At 31 December 2008, the Group had approximately 1,613 employees. A policy of localizing as many of the positions as possible is in place throughout the Group, subject to suitable and sufficient local executives and staff with relevant qualifications and experiences being available. Salary and remuneration are competitive and are based on varying conditions in the different countries in which the Company and its subsidiaries operate.

REPORT OF THE DIRECTORS (Continued)

RETIREMENT SCHEMES

The Group has defined contribution schemes in Hong Kong, the People's Republic of China and Vietnam. Particulars of these retirement schemes are set out in Note 28 to the financial statements.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive directors to be independent.

AUDITORS

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming annual general meeting.

By Order of the Board

Ho Kian Guan
Executive Chairman

Hong Kong, 23 April 2009

OTHER CORPORATE INFORMATION

FINANCIAL REVIEW

The Group's turnover was HK$807,810,000 for the year ended 31 December 2008, an increase of 27% over the corresponding period in 2007. This increase was primarily due to higher revenue generated from the operation of the Sheraton Saigon Hotel in Vietnam and sale of properties in Macau. Profit from operations was HK$274,059,000 for the year ended 31 December 2008 as compared to HK$319,942,000 in 2007. Profit attributable to equity shareholders amounted to HK$185,250,000.

At 31 December 2008, the Group has total bank loans and other borrowings of HK$194,118,000 and bank deposits and cash of HK$1,326,426,000. All bank loans totalling HK$10,000,000 are repayable within twelve months.

The Group's bank borrowings are in Hong Kong dollars and United States dollars. Bank deposits and cash are mostly in Hong Kong dollars, Australian dollars, Canadian dollars and United States dollars. The Group's bank borrowings are on a floating rate basis. Taking into account cash in hand and available credit facilities, the Group has sufficient working capital for its present requirements.

PLEDGE OF ASSETS

At 31 December 2008, certain properties held for sale with aggregate value of HK$101,437,000 were mortgaged to a bank to secure banking facilities granted to the Group.

CONTINGENT LIABILITIES

At 31 December 2008, there were outstanding counter indemnities relating to guarantees issued by bankers of a subsidiary in favour of the Macau SAR Government in respect of properties held for sale amounting to HK$8,252,000 (2007: HK$8,252,000).

At 31 December 2008, guarantees given by the Company to banks to secure banking facilities made available to an associate amounted to HK$65,989,000 (2007: HK$82,589,000).

At 31 December 2008, guarantees given by a subsidiary and the Company to a bank to secure banking facilities made available to an associate amounted to HK$31,941,000 (2007: HK$39,975,000).

PROFILES OF DIRECTORS

Mr HO Kian Guan, aged 63, is the executive chairman of the Company and director of various companies of the Group. He was appointed as a director of the Company on 5 December 1979. Mr Ho is also the executive chairman and director of Keck Seng (Malaysia) Berhad (listed on the Bursa Malaysia Securities Berhad (the “BMSB”)) and serves on the board of Shangri-La Asia Limited (listed on The Hong Kong Stock Exchange), Parkway Holdings Limited (listed on the Singapore Exchange Securities Trading Limited) and Shangri-La Hotel Public Company Limited, Thailand (listed on the Stock Exchange of Thailand). He is also a director of Ocean Inc, Pad Inc, Lapford Limited, Goodland Limited and Kansas Holdings Limited (all being substantial shareholders of the Company). He is the father of Mr Ho Chung Tao, brother of Mr Ho Kian Hock and Mr Ho Kian Cheong, and uncle of Mr Chan Lui Ming Ivan, Mr Ho Chung Kain and Mr Ho Chung Hui.

Mr HO Kian Hock, aged 61, is the deputy executive chairman of the Company and director of various companies of the Group. He was appointed as a director of the Company on 19 December 1979. Mr Ho is also the managing director of Keck Seng (Malaysia) Berhad (listed on the BMSB), and an alternate director of Parkway Holdings Limited (listed on the Singapore Exchange Securities Trading Limited) and Shangri-La Asia Limited (listed on The Hong Kong Stock Exchange). He is also a director of Ocean Inc, Pad Inc, Lapford Limited, Goodland Limited and Kansas Holdings Limited (all being substantial shareholders of the Company). He is the father of Mr Ho Chung Kain and Mr Ho Chung Hui, brother of Mr Ho Kian Guan and Mr Ho Kian Cheong, and uncle of Mr Chan Lui Ming Ivan and Mr Ho Chung Tao.

Mr TSE See Fan Paul, aged 54, is an executive director and the chairman of the Remuneration Committee of the Company and director of various companies of the Group. He was appointed as a director of the Company on 5 December 1979. He is also a director of Lapford Limited, Goodland Limited and Kansas Holdings Limited (all being substantial shareholders of the Company). Mr Tse is also a member of the Chinese People’s Political Consultative Committee of Yunnan Province, China.

Mr CHAN Lui Ming Ivan, aged 39, is an executive director of the Company and director of various companies of the Group. He was appointed as a director of the Company on 1 July 2006. He is also an alternate director of Keck Seng (Malaysia) Berhad (listed on the BMSB). Mr Chan holds a Bachelor of Business Administration and a Master of Science degree from the National University of Singapore. He is also a director of Ocean Inc, Lapford Limited and Kansas Holdings Ltd (all being substantial shareholders of the Company). He is a nephew of Mr Ho Kian Guan, Mr Ho Kian Hock and Mr Ho Kian Cheong, and cousin of Mr Ho Chung Tao, Mr Ho Chung Kain and Mr Ho Chung Hui.

Ms YU Yuet Chu Evelyn, aged 53, is an executive director and a Remuneration Committee member of the Company and director of various companies of the Group. She joined the Company in 1994 to oversee the Group’s investments in China and was appointed as a director of the Company on 1 July 2006. Ms Yu holds a Bachelor of Arts degree from Carleton University, Canada.

Mr HO Kian Cheong, aged 59, is a non-executive director of the Company. He was appointed as a director of the Company on 5 December 1979 and was re-designated as non-executive director on 17 April 2003. He is also a director of Keck Seng (Malaysia) Berhad (listed on the BMSB). He is the brother of Mr Ho Kian Guan and Mr Ho Kian Hock and uncle of Mr Chan Lui Ming Ivan, Mr Ho Chung Tao, Mr Ho Chung Kain and Mr Ho Chung Hui.

Dr CHAN Yau Hing Robin, *GBS, LLD, JP*, aged 76, is an independent non-executive director of the Company since 8 September 1988. He is also the chairman of the Audit Committee and a Remuneration Committee member of the Company. He is the chairman of Asia Financial Holdings Limited and a director of K. Wah International Holdings Limited and Chong Hing Bank Limited (all listed on The Hong Kong Stock Exchange). He is also a director of and an adviser to numerous other companies with over 40 years experience in banking business. Dr Chan was awarded the Knight Commander (Second Class) of the Most Noble Order of the Crown of Thailand by His Majesty, the King of Thailand and the Gold Bauhinia Star of the Hong Kong Special Administrative Region Government of the People’s Republic of China. He is the Ex-officio Life Honorary Chairman of The Chinese General Chamber of Commerce, Hong Kong and the Vice Chairman of the All-China Federation of Returned Overseas Chinese. Dr Chan was a Deputy to the National People’s Congress of the People’s Republic of China from March 1988 to February 2008.

PROFILES OF DIRECTORS (Continued)

Mr KWOK Chi Shun Arthur, aged 63, is an independent non-executive director of the Company since 3 January 1995. He is also an Audit Committee member and a Remuneration Committee member of the Company. He is a professional architect with extensive architectural, town planning and interior design experience and has wide business interests in property development, merchandise retailing and wholesale. He is also the Commandant of the Hong Kong Auxiliary Police Force.

Ms WANG Poey Foon Angela, aged 51, is an independent non-executive director of the Company since 28 September 2004. She is also an Audit Committee member and a Remuneration Committee member of the Company. Ms Wang holds an LLB (Hons) degree from the National University of Singapore, and is an Advocate and Solicitor (Singapore), Solicitor (Hong Kong and United Kingdom). She has practised with major law firms in Singapore, Australia and Hong Kong and is currently the senior partner of a firm of solicitors in Hong Kong.

Mr HO Chung Tao, aged 34, was appointed as an executive director of the Company on 15 October 2008. Before joining the Group, Mr Ho worked for a major US investment bank based in Japan, focusing on real estate acquisitions, a venture capital firm in Japan and a securities firm in Singapore. Mr Ho holds a Bachelor of Science degree in Hotel Administration from Cornell University, USA. Mr Ho is the son of Mr Ho Kian Guan, nephew of Mr Ho Kian Hock and Mr Ho Kian Cheong, and cousin of Mr Chan Lui Ming Ivan, Mr Ho Chung Kain and Mr Ho Chung Hui.

Mr HO Chung Hui, aged 33, was appointed as an executive director of the Company on 15 October 2008. Mr Ho joined the Group in August 2003 as a director of a subsidiary for the Group's hotel related investments in China and Vietnam. Before joining the Group, Mr Ho worked for a major US consulting firm on various practices of strategy, finance and business process reengineering and human capital in Singapore. Mr Ho holds a Bachelor of Science in Economics from the London School of Economics. He is a son of Mr Ho Kian Hock, brother of Mr Ho Chung Kain, nephew of Mr Ho Kian Guan and Mr Ho Kian Cheong, and cousin of Mr Chan Lui Ming Ivan and Mr Ho Chung Tao.

Mr HO Chung Kain, aged 34, was appointed as an alternate director to Mr Ho Chung Hui on 15 October 2008, Mr Ho joined the Group in 2001 as a director of a subsidiary. He has experience in property marketing and development activities with major Japanese and Singapore real estate companies based in Singapore, and is responsible for property development, property management, construction and hotel related activities in Malaysia and Singapore. Mr Ho holds a Bachelor of Business Administration degree from Murdoch University in Perth, Australia. He is a son of Mr Ho Kian Hock, brother of Mr Ho Chung Hui, nephew of Mr Ho Kian Guan and Mr Ho Kian Cheong, and cousin of Mr Chan Lui Ming Ivan and Mr Ho Chung Tao.

CORPORATE GOVERNANCE REPORT

The Board considers good corporate governance of the Company to be an essential element in the safeguarding of the interests of the shareholders, the enhancement of the integrity of the management, and ultimately the continuous improvement in the performance of the Group. The Company has applied the principles and has complied with all the applicable code provisions of the Code on Corporate Governance Practices ("Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") for the year ended 31 December 2008, except for the following deviations which are explained in the relevant paragraphs below:

1. deviation from provision A.2.1 of the Code, as the role of chairman and chief executive officer of the Company is not segregated; and

2. deviation from provision A.4.1, as the non-executive directors are not appointed for a specific term.

The Company intends to continuously review and amend the corporate governance practices and standards of the Company in a pragmatic and conscientious manner to ensure that business operations and decision making processes are implemented in a prudent and proper manner.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted since 2004 the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules for securities transactions by directors of the Company. All directors, followed specific enquiry by the Company, have confirmed that they have all complied with the standards as set out in the Model Code throughout the year ended 31 December 2008.

BOARD OF DIRECTORS

Composition and role

The Board comprises:

Executive Directors	–	HO Kian Guan *(Executive Chairman)*
	–	HO Kian Hock *(Deputy Executive Chairman)*
	–	TSE See Fan Paul
	–	CHAN Lui Ming Ivan
	–	YU Yuet Chu Evelyn
	–	HO Chung Tao*
	–	HO Chung Hui*
	–	HO Chung Kain* *(Alternate to HO Chung Hui)*
Non-executive Director	–	HO Kian Cheong
Independent Non-executive Directors	–	CHAN Yau Hing Robin
	–	KWOK Chi Shun Arthur
	–	WANG Poey Foon Angela

* *appointed on 15 October 2008*

The Board comprises of eight executive directors (including one alternate director) and four non-executive directors. Of the four non-executive directors, three of them are independent non-executive directors. In addition, all three of the independent non-executive directors possess respectively appropriate professional qualifications and financial management expertise. The directors' biographical information is set out on pages 13 to 14 of the annual report.

The principal function of the Board is on setting the overall strategic direction and investment focus of the Group. The Board also monitors the financial performance and the internal controls of the Group's business activities. Day-to-day management of the Group's business is delegated to the management and the responsibilities and powers so delegated are periodically reviewed to ensure that they remain appropriate.

With wide respective professional experience in financial, architectural and legal fields, the independent non-executive directors bring and contribute to the Board a balance of skills, independent judgment and insight into the setting of strategic direction, investment focus, performance evaluation, risk management of the Group through attendance at meetings of the Board, the Audit Committee, the Remuneration Committee and general discussions with the executive directors.

The independent non-executive directors also serve the important functions of ensuring and monitoring the basis for an effective corporate governance framework. The Board considers that each independent non-executive director to be independent in character and judgment and that they all meet the specific independence criteria as required under the Listing Rules. The Company has received from each independent non-executive director an annual confirmation of his or her independence pursuant to Rule 3.13 of the Listing Rules and the Company still considers such directors to be independent. The independent non-executive directors are explicitly identified in all corporate communications.

All directors are updated on governance and regulatory matters. Directors can obtain independent advice at the expense of the Company for the furtherance of their duties. The Company has also arranged appropriate director and officer liability insurance cover in respect of legal actions against its directors.

The Board meets to review the overall strategic direction of the Group, to monitor the operations and to deal with any corporate and policy matters in respect of which its attention is required. The executive directors are responsible for drawing up and approving the agenda for each Board meeting. Notices of at least 14 days have been given to all directors for all Board meetings. Directors can include matters for discussion in the agenda if necessary. Agenda and board papers in respect of Board meetings are sent out in full to all directors at least 3 business days prior to the meetings. Draft minutes of all Board meetings are circulated to directors for comment within a reasonable time prior to confirmation.

Minutes of the Board meetings and meetings of Board committees are kept by duly appointed secretaries of the respective meetings and all directors have access to board papers and related materials, and are provided with adequate information in a timely manner, enabling the Board to make informed decisions on matters under discussion.

Since 2004, new director has been given on appointment an orientation package, including information on the Group's company structure, details of major investments, the Company's Memorandum and Articles of Association, and other relevant information to familiarise the new director with the corporate affairs and operations of the Group.

There is no relationship between members of the Board other than that Mr HO Kian Guan is the father of Mr HO Chung Tao. Mr HO Kian Hock is the father of Messrs HO Chung Kain and Mr HO Chung Hui while Messrs HO Kian Guan, HO Kian Hock and HO Kian Cheong are brothers who are also uncles of Mr CHAN Lui Ming Ivan.

During the year, the Board has met four times and the individual attendance of each director is as follows:

Name of director	**Number of Board meetings attended**	**Attendance rate**
HO Kian Guan	3/4	75%
HO Kian Hock	3/4	75%
TSE See Fan Paul	4/4	100%
CHAN Lui Ming Ivan	3/4	75%
YU Yuet Chu Evelyn	4/4	100%
HO Chung Tao	1/1*	100%
HO Chung Hui *(whose alternate is HO Chung Kain)*	1/1*	100%
HO Kian Cheong	0/4	0%
CHAN Yau Hing Robin	2/4	50%
KWOK Chi Shun Arthur	4/4	100%
WANG Poey Foon Angela	4/4	100%

* *one meeting was held since they were appointed on 15 October 2008.*

EXECUTIVE CHAIRMAN

The Company had not appointed a Chief Executive Officer, since day-to-day operations of the Group were undertaken by the management teams in the respective geographical locations under the supervision of the executive directors. In respect of the management of the Board, the role was undertaken by Mr HO Kian Guan, Executive Chairman of the Company. The Board is of the view that this structure has served the Company well in past years and does not impair the balance of responsibility between the Board and the management of the business.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The non-executive directors were not appointed for a specific term. In practice, however, all directors are subject to retirement by rotation not less than once every three years. This means that the specific term of appointment of a director will not exceed three years.

AUDIT COMMITTEE

The Audit Committee of the Company was established in 1999. Its current members are:

CHAN Yau Hing Robin *(Chairman of the Committee)*
KWOK Chi Shun Arthur
WANG Poey Foon Angela

All the members are independent non-executive directors. The Board considers that each of the Audit Committee members has broad commercial experience and that there is an appropriate balance of experiences and skills covering legal, business, accounting and financial management disciplines on the Committee. The composition and the membership of the Audit Committee comply with the requirements under Rule 3.21 of the Listing Rules. The written terms of reference covering the authority and duties of the Audit Committee conform to the provisions of the Code.

The Audit Committee deliberates and meets to review the reporting of financial and other relevant information to shareholders, the scheme of internal controls, the risk management, and the effectiveness and objectivity of the audit process. The Audit Committee also provides one of the important links between the Company and the Company's auditors in matters within the Committee's terms of reference, and keep in view the independence and objectivity of the auditors. The Committee also reviews, provides comments and recommends to the Board the approval of the terms of engagement and remuneration of the auditors of the Company.

The Audit Committee has reviewed with the management and the auditors the accounting principles and practices adopted by the Group and discussed financial reporting matters and internal controls including a review of the accounts for the year ended 31 December 2008.

During the year, two Audit Committee meetings were held. The attendance of each member is as follows:

Name of director	Number of meetings attended	Attendance rate
CHAN Yau Hing Robin	2/2	100%
KWOK Chi Shun Arthur	2/2	100%
WANG Poey Foon Angela	2/2	100%

The Audit Committee had met twice with the Company's external auditors during 2008.

During the year, the Audit Committee has also met twice with the independent accounting firm engaged to conduct reviews of the Group's internal control framework and systems.

REMUNERATION COMMITTEE

The Remuneration Committee was established in 2005. Its current members are:

TSE See Fan Paul *(Chairman of the Committee)*
CHAN Yau Hing Robin
KWOK Chi Shun Arthur
WANG Poey Foon Angela
YU Yuet Chu Evelyn

Membership of the Remuneration Committee is appointed by the Board. The majority of the members are independent non-executive directors. The principal duties of the Remuneration Committee are to review and approve any service contracts to be entered into between executive directors and the Group, to review remuneration of senior management, and to make recommendation to the Board on the remuneration of non-executive directors. The Remuneration Committee ensures that no director or any of his associate is involved in deciding his own remuneration. The terms of reference of the Remuneration Committee conform to the provisions of the Code.

In 2008, the Remuneration Committee held two meetings, during which the committee reviewed and discussed matters related to director's fees and remuneration.

The attendance of each member is as follows:

Name of director	Number of meetings attended	Attendance rate
TSE See Fan Paul	2/2	100%
CHAN Yau Hing Robin	2/2	100%
KWOK Chi Shun Arthur	2/2	100%
WANG Poey Foon Angela	2/2	100%
YU Yuet Chu Evelyn	2/2	100%

NOMINATION OF DIRECTORS

The Board does not have a Nomination Committee.

The Board will carry out the process of identifying and selecting new directors on the basis of candidates' industry experience relevant to the business operation and development of the Group, professional qualifications, personal ethics, integrity, and time commitment. The Board will also take into consideration the need to maintain and ensure that the Board has a balance of skills, independent judgment, continuity and succession plan.

INTERNAL CONTROLS

The Board has overall responsibility for the system of internal controls of the Group and for reviewing its effectiveness. The Board is committed to implementing an effective and sound internal controls system to safeguard the Group's assets and the interests of the shareholders. The executive directors are responsible for the implementation of the system of internal controls and reviewing of all relevant financial, operational, compliance controls and risk management function within an established framework.

The internal controls system is being and will continue to be reviewed and updated to ensure that the Group's assets are safeguarded against loss and misappropriation, that proper accounting records are maintained to produce reliable financial information, that reasonable but not absolute assurance is provided against material fraud and errors, and that policies and procedures are in place to ensure compliance with applicable laws, regulations and relevant industry standards.

In respect of the year 2008, and in compliance with the Code, the Group has engaged an accounting firm to conduct an independent review of its major subsidiaries and its operations. This is done to supplement the internal audit reviews conducted by some of the subsidiaries of the Group.

On the basis of the review, the Audit Committee and the Board are satisfied as to the effectiveness of the Group's internal control, and concluded that:

1. the Company during the year has complied with the Code on internal control;

2. the Group has a framework of prudent and effective controls to identify, evaluate and manage the risks;

3. the Group has internal control and accounting systems which are efficient and adequate;

4. the Group has ongoing monitoring processes which identified, evaluated and managed significant risks that may influence its business operations; and

5. material transactions are executed with management's authorization.

ACCOUNTABILITY AND AUDIT

The directors have responsibility for overseeing the preparation of accounts of each financial period, which give a true and fair view of the state of affairs of the Group and of the results and cash flows for the period. In preparing the accounts for the year ended 31 December 2008, the directors have selected suitable accounting policies and applied them consistently, approved adoption of all applicable Hong Kong Financial Reporting Standards, made judgments and estimates which are prudent and reasonable, and have prepared the accounts on the going concern basis. The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company.

AUDITORS' REMUNERATION

An analysis of remuneration in respect of audit and non-audit services provided by the external auditors is set out below:

	2008 **HK$**	2007 HK$
Auditor's remuneration		
– Audit services	**1,468,000**	1,334,000
– Tax and other non-audit services	**445,000**	403,000
	1,913,000	1,737,000

CORPORATE GOVERNANCE REPORT (Continued)

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company endeavours to maintain a high level of transparency in its communications with shareholders and the investment community at large.

The Company establishes and maintains different communication channels with its shareholders through the publication of annual and interim reports, press announcements and circulars. The annual general meeting also provides a useful and convenient forum for shareholders to exchange views with the Board, and with each other. At the Company's annual general meetings, most of the executive directors and the Chairman of the Audit Committee were present to attend to questions raised by shareholders.

Separate resolutions are proposed at general meetings on each substantially separate issue, including the election of directors. The circular to shareholders will be dispatched together with the annual report.

The Company has announced its annual and interim results in a timely manner during the year under review.

The Company is also committed to continue to maintain an open and effective investor communication policy and to update investors on relevant information on its business in a timely manner, subject to regulatory requirements. Meetings with institutional investors and analysts are conducted upon such requests being received. In order to ensure effective, clear and accurate communications with the investors and analysts, all corporate communications are arranged and handled by the executive directors and designated senior executives according to established procedures of the Company.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained the prescribed amount of public float during the year 2008 and up to and including the date of this Annual Report as required by the Listing Rules.

INDEPENDENT AUDITOR'S REPORT

KPMG

TO THE SHAREHOLDERS OF KECK SENG INVESTMENTS (HONG KONG) LIMITED

(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Keck Seng Investments (Hong Kong) Limited (the "Company") set out on pages 23 to 79, which comprise the consolidated and Company balance sheets as at 31 December 2008, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (Continued)

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2008 and of its Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

Hong Kong, 23 April 2009

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
Turnover	2	807,810	638,263
Cost of sales		(116,197)	(88,404)
		691,613	549,859
Other revenue	3(a)	44,546	40,711
Other net (loss)/income	3(b)	(23,332)	94,100
Direct costs and operating expenses		(228,015)	(197,650)
Marketing and selling expenses		(35,407)	(13,731)
Depreciation of fixed assets	12(a)	(71,381)	(80,235)
Administrative and other operating expenses		(106,885)	(96,112)
Operating profit		271,139	296,942
Increase in fair value of investment properties	12(a)	2,920	23,000
		274,059	319,942
Finance costs	4(a)	(380)	(1,261)
Share of profits less losses of associates	15(b)	23,250	20,407
Profit before taxation	4	296,929	339,088
Income tax	5(a)	(15,710)	(11,029)
Profit for the year		281,219	328,059
Attributable to:			
Equity shareholders of the Company	8	185,250	235,355
Minority interests		95,969	92,704
Profit for the year		281,219	328,059
Dividend attributable to the year:	9		
Interim dividend paid – HK$0.05 (2007: HK$0.05) per share		17,010	17,010
Proposed final dividend – HK$0.125 (2007: HK$0.12) per share		42,525	40,824
		59,535	57,834
Basic and diluted earnings per share (cents)	10	54.5	69.2

The notes on pages 30 to 79 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

At 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
Non-current assets			
Fixed assets	12(a)		
– Investment properties		**247,400**	244,480
– Other properties and fixed assets		**653,979**	616,652
– Interests in leasehold land held for own use under operating lease		**120,959**	122,245
		1,022,338	983,377
Properties under development	14	**–**	24,016
Interest in associates	15	**138,177**	133,078
Available-for-sale securities	16	**1,785**	3,702
		1,162,300	1,144,173
Current assets			
Trading securities	17	**37,692**	57,395
Properties held for sale	18	**332,767**	331,842
Inventories		**2,663**	2,446
Trade and other receivables	19	**36,303**	26,272
Derivative financial assets	27(c)	**296**	–
Deposits and cash	20	**1,326,426**	1,089,415
		1,736,147	1,507,370
Current liabilities			
Bank loans	21	**10,000**	9,749
Trade and other payables	22	**193,423**	151,807
Loans from associates	15	**1,364**	1,364
Loans from minority shareholders	23	**37,014**	37,232
Loan from an affiliated company	31(a)	**28,733**	28,926
Amount due to an affiliated company	31(a)	**20,890**	28,562
Derivative financial liabilities	27(c)	**6,106**	–
Taxation payable	24(a)	**29,974**	30,315
		327,504	287,955
Net current assets		**1,408,643**	1,219,415
Total assets less current liabilities		**2,570,943**	2,363,588
Non-current liabilities			
Loans from minority shareholders	23	**96,117**	90,616
Deferred tax liabilities	24(b)	**11,654**	10,917
		107,771	101,533
NET ASSETS		**2,463,172**	2,262,055

CONSOLIDATED BALANCE SHEET (Continued)

At 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
Capital and reserves			
Share capital	25	340,200	340,200
Reserves	26(a)	1,686,769	1,563,373
Shareholders' equity		2,026,969	1,903,573
Minority interests		436,203	358,482
TOTAL EQUITY		2,463,172	2,262,055

Approved and authorised for issue by the board of directors on 23 April 2009

Ho Kian Guan
Executive Chairman

Tse See Fan Paul
Executive Director

The notes on pages 30 to 79 form part of these financial statements.

BALANCE SHEET

At 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
Non-current assets			
Fixed assets	12(b)	3,558	3,635
Interest in subsidiaries	13	705,764	744,917
Interest in associates	15	25,347	29,636
Available-for-sale securities	16	1,785	3,702
		736,454	781,890
Current assets			
Trading securities	17	19,555	28,697
Properties held for sale	18	12,647	12,647
Trade and other receivables	19	788	1,539
Derivative financial assets	27(c)	296	–
Deposits and cash	20	435,446	393,073
		468,732	435,956
Current liabilities			
Bank loan	21	10,000	5,000
Trade and other payables	22	1,569	1,393
Derivative financial liabilities	27(c)	6,106	–
Taxation payable	24(a)	95	155
		17,770	6,548
Net current assets		450,962	429,408
Total assets less current liabilities		1,187,416	1,211,298
Non-current liabilities			
Amounts due to subsidiaries	13	(20,950)	(21,736)
NET ASSETS		1,166,466	1,189,562
Capital and reserves			
Share capital	25	340,200	340,200
Reserves		826,266	849,362
TOTAL EQUITY	26(b)	1,166,466	1,189,562

Approved and authorised for issue by the board of directors on 23 April 2009

Ho Kian Guan
Executive Chairman

Tse See Fan Paul
Executive Director

The notes on pages 30 to 79 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2008

	Share capital HK$'000	Share premium HK$'000	Legal reserve HK$'000	Other capital reserve HK$'000	Exchange reserve HK$'000	Fair value reserve HK$'000	Retained profits HK$'000	Sub-total HK$'000	Minority interests HK$'000	Total HK$'000
At 1 January 2008	**340,200**	**158,105**	**12,758**	**13,219**	**19,225**	**3,110**	**1,356,956**	**1,903,573**	**358,482**	**2,262,055**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**185,250**	**185,250**	**95,969**	**281,219**
Dividends approved in respect of the current year (note 9)	**–**	**–**	**–**	**–**	**–**	**–**	**(17,010)**	**(17,010)**	**–**	**(17,010)**
Dividends approved in respect of the previous year (note 9)	**–**	**–**	**–**	**–**	**–**	**–**	**(40,824)**	**(40,824)**	**–**	**(40,824)**
Dividends paid by the subsidiaries to minority interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(15,430)**	**(15,430)**
Available-for-sale securities – change in fair value	**–**	**–**	**–**	**–**	**–**	**(1,917)**	**–**	**(1,917)**	**–**	**(1,917)**
Exchange difference on translation of financial statements of overseas subsidiaries and associates	**–**	**–**	**–**	**–**	**3,338**	**–**	**–**	**3,338**	**(2,818)**	**520**
Movement during the year	**–**	**–**	**–**	**(5,441)**	**–**	**–**	**–**	**(5,441)**	**–**	**(5,441)**
At 31 December 2008	**340,200**	**158,105**	**12,758**	**7,778**	**22,563**	**1,193**	**1,484,372**	**2,026,969**	**436,203**	**2,463,172**
At 1 January 2007	340,200	158,105	12,758	17,434	9,555	1,193	1,172,631	1,711,876	284,480	1,996,356
Profit for the year	–	–	–	–	–	–	235,355	235,355	92,704	328,059
Dividends approved in respect of the current year (note 9)	–	–	–	–	–	–	(17,010)	(17,010)	–	(17,010)
Dividends approved in respect of the previous year (note 9)	–	–	–	–	–	–	(34,020)	(34,020)	–	(34,020)
Dividends paid by the subsidiaries to minority interests	–	–	–	–	–	–	–	–	(15,430)	(15,430)
Available-for-sale securities – change in fair value	–	–	–	–	–	1,917	–	1,917	–	1,917
Exchange difference on translation of financial statements of overseas subsidiaries and associates	–	–	–	–	9,670	–	–	9,670	(3,243)	6,427
Movement during the year	–	–	–	(4,215)	–	–	–	(4,215)	(29)	(4,244)
At 31 December 2007	340,200	158,105	12,758	13,219	19,225	3,110	1,356,956	1,903,573	358,482	2,262,055

The notes on pages 30 to 79 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
Operating activities			
Profit before taxation		**296,929**	339,088
Adjustments for:			
– Increase in fair value on investment properties	12(a)	**(2,920)**	(23,000)
– Depreciation of fixed assets	12(a)	**71,381**	80,235
– Dividend income from available-for-sale and trading securities		**(200)**	(54)
– Interest income		**(42,507)**	(39,622)
– Finance costs		**380**	1,261
– Share of profits less losses of associates		**(23,250)**	(20,407)
– Loss on disposals of fixed assets		**159**	8,085
– Net realised and unrealised losses on trading securities		**38,721**	9,253
– Foreign exchange loss/(gain)		**51,447**	(89,264)
Operating profit before changes in working capital		**390,140**	265,575
Increase in properties under development		**(60,173)**	(24,016)
(Increase)/decrease in properties held for sale		**(925)**	3,829
Increase in inventories		**(217)**	(596)
(Increase)/decrease in trade and other receivables		**(9,976)**	56,488
Increase in trade and other payables		**30,055**	47,685
Decrease in amount due to an affiliated company		**(8,042)**	–
Cash generated from operations		**340,862**	348,965
Overseas tax paid		**(15,151)**	(10,128)
Net cash generated from operating activities		**325,711**	338,837
Investing activities			
Payment for the purchase of fixed assets	12(a)	**(19,288)**	(29,479)
Proceeds from disposals of fixed assets		**92**	1,906
Repayment/(advancement) of loans to associates		**4,313**	(3,646)
Net proceed from share redemption of an associate		**–**	6,060
Interest received		**42,507**	39,622
Increase in time deposit with maturity greater than 3 months		**(18,039)**	(16,011)
Payment for purchase of trading securities		**(60,455)**	(117,535)
Proceeds from disposal of trading securities		**46,929**	50,887
Dividends received from available-for-sale and trading securities		**200**	54
Net cash used in investing activities		**(3,741)**	(68,142)

CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the year ended 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
Financing activities			
Advance of new bank loans		10,000	2,416
Repayment of bank loans		(9,749)	(41,336)
Interest paid		(380)	(1,261)
Dividends paid		–	(51,030)
Dividends paid to minority shareholders		(15,430)	(15,430)
Net cash used in financing activities		(15,559)	(106,641)
Net increase in cash and cash equivalents		306,411	164,054
Cash and cash equivalents at 1 January		1,073,404	842,011
Effect of foreign exchange rate changes		(87,439)	67,339
Cash and cash equivalents at 31 December	20	1,292,376	1,073,404

The notes on pages 30 to 79 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

(i) These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

(ii) The HKICPA has issued the following new interpretations and an amendment to HKFRSs that are first effective for the current accounting period of the Group and the Company:

- HK(IFRIC) 11, HKFRS 2 – Group and treasury share transactions
- HK(IFRIC) 12, Service concession arrangements
- HK(IFRIC) 14, HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction
- Amendment to HKAS 39, Financial instruments: Recognition and measurement, and HKFRS 7, Financial instruments: Disclosures – Reclassification of financial assets

These HKFRS developments have had no material impact on the Group's financial statements as either they were consistent with accounting policies already adopted by the Group or they were not relevant to the Group's and the Company's operations.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see Note 33).

(b) Basis of preparation of the financial statements

(i) The consolidated financial statements for the year ended 31 December 2008 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

(ii) The measurement basis used in the preparation of the financial statements is the historical cost except where stated otherwise in the accounting policies set out below.

(iii) The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 32.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Subsidiaries and minority interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

Loans from holders of minority interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated balance sheet in accordance with Note 1(m) or Note 1(n).

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (Note 1(j)).

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's net assets. The consolidated income statement includes the Group's share of the post-acquisition, post-tax results of the associates for the year.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest in the associate is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In the Company's balance sheet, its investments in associates are stated at cost less impairment losses (Note 1(j)).

(e) Fixed assets

(i) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (Note 1(i)) to earn rental income and/or for capital appreciation.

Investment properties are stated in the balance sheet at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in the income statement. Rental income from investment properties is accounted for as described in Note 1(s)(ii).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (Note 1(i)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in Note 1(i).

(ii) Hotel property

Hotel property is stated in the balance sheet at cost less accumulated depreciation (Note 1(h)) and impairment losses (Note 1(j)).

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Fixed assets *(continued)*

(iii) Other properties and fixed assets

Other properties and fixed assets comprise of land and buildings, furniture, fixtures and equipment, and are stated in the balance sheet at cost less accumulated depreciation (Note 1(h)) and impairment losses (Note 1(j)).

Subsequent expenditure relating to an item of fixed asset that has already been recognised is added to the carrying amount of the assets when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the income statement on the date of retirement or disposal.

(iv) Properties under development

Properties under development represent the direct costs of construction incurred of property, plant and equipment less impairment losses (Note 1(j)). Properties under development are reclassified to the appropriate category of fixed assets when completed and ready for use.

(f) Investments in equity securities

The Group's and the Company's policies for investments in equity securities, other than investments in subsidiaries and associates, are as follows:

Investments in equity securities are initially stated at cost, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss.

Investments in securities that do not fall into trading securities are classified as available-for-sale securities and are initially recognised at fair value plus transaction costs. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised directly in equity, except for impairment losses (Note 1(j)) and, in the case of monetary items such as debt securities, foreign exchange gains and losses which are recognised directly in the income statement. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the income statement. When these investments are derecognised or impaired (Note 1(j)), the cumulative gain or loss previously recognised directly in equity is recognised in the income statement.

Investments are recognised/derecognised on the date the Group and/or the Company commits to purchase/sell the investments or they expire.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At each balance sheet date the fair value is remeasured. The gain or loss on remeasurement to fair value is charged immediately to the income statement. However, where the derivatives qualify for cash flow hedge accounting or hedge the net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

(h) Depreciation

(i) Investment properties

No depreciation is provided on investment properties.

(ii) Properties under development

No depreciation is provided on properties under development.

(iii) Hotel properties

Depreciation on hotel properties is provided on a straight line basis over the shorter of the joint venture period and 25 years on the cost of the hotel properties.

(iv) Other properties and fixed assets

Depreciation is calculated to write off the cost of these assets on a straight line basis over their estimated useful lives as follows:

Land and buildings and other properties	–	unexpired period of the lease
Furniture, fixtures and equipment	–	3 to 5 years
Motor vehicles	–	$6^{2}/_{3}$ years

Where parts of an item of fixed asset have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately.

Both the useful life of an asset and its residual value, if any, are reviewed annually.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

- property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (Note 1(e)(i)); and

- land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased assets, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in Note 1(h). Impairment losses are accounted for in accordance with the accounting policy as set out in Note 1(j). Finance charges implicit in the lease payments are charged to the income statement over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (Note 1(e)(i)) or is held for development for sale (Note 1(k)).

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Impairment of assets

(i) Impairment of investments in equity securities and other receivables

Investments in equity securities and other receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at each balance sheet date to determine whether there is objective evidence of impairment.

Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For current receivables and loans to related parties that are carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for current receivables and loans to relate parties are reversed if in a subsequent period the amount of the impairment loss decreases.

  For current receivables carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material.

  If in a subsequent period, the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

– For available-for-sale equity securities, the cumulative loss that had been recognised directly in equity is removed from equity and is recognised in the income statement. The amount of the cumulative loss that is recognised in the income statement is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in the income statement.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Impairment of assets *(continued)*

(i) Impairment of investments in equity securities and other receivables (continued)

– *(continued)*

Impairment losses recognised in the income statement in respect of available-for-sale equity securities are not reversed through the income statement. Any subsequent increase in the fair value of such assets is recognised directly in equity.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in the income statement.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired, an impairment loss previously recognised no longer exists or may have decreased:

– fixed assets (other than investment properties carried at revalued amounts);

– pre-paid interests in leasehold land classified as being held under an operating lease; and

– investments in subsidiaries and associates.

If any such indication exists, the asset's recoverable amount is estimated.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in the income statement whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Impairment of assets *(continued)*

(ii) Impairment of other assets (continued)

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

(k) Inventories

Inventories in respect of hotel and club operation are carried at the lower of cost and net realisable value. Cost represents purchase cost computed on a first in first out basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories in respect of property development activities are carried at the lower of cost and net realisable value. Cost and net realisable values are determined as follows:

– Property under development for sale

The cost of properties under development for sale comprises specifically identified cost, including acquisition cost of land, the aggregate cost of development, materials and supplies, wages and other direct expenses and an appropriate proportion of overheads and borrowing costs capitalised (Note 1(u)). Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

– Completed property held for sale

In the case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

(l) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts (Note 1(j)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts (Note 1(j)).

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the income statement over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(n) Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(p) Employee benefits

Short term employee benefits and contributions to defined contribution retirement plans:

(i) Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance and central pension schemes operated by the local governments in Mainland China are recognised as an expense in the income statement as incurred.

(iii) Contributions to the social insurance fund schemes operated by the local governments in Vietnam are recognised as an expense in the income statement as incurred.

Termination benefits:

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Income tax

(i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

(ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

(iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

All deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

(iv) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if, and only if, the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Income tax *(continued)*

(iv) *(continued)*

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

- the same taxable entity; or

- different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(r) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in the income statement on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in the income statement over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with Note 1(r)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:

(i) Revenue arising from the sale of properties is recognised upon the signing of the sale and purchase agreement or the issue of an occupation permit by the relevant government authorities, whichever is the later. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the balance sheet under trade and other payables.

(ii) Rental income receivable under operating leases is recognised in the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in the income statement as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Hotel and club revenue from room rental, food and beverage sales, slot machine and other ancillary services is recognised when the services are rendered.

(iv) Interest income from bank deposits and overdue interest received from purchasers of properties are recognised as they accrue using the effective interest rate.

(v) Management fees are recognised when the services are rendered.

(vi) Dividend income from listed securities is recognised when the share price of the investment goes ex-dividend. Dividend from unlisted securities is recognised when the shareholder's right to receive payment is established.

(t) Translation of foreign currencies

(i) Functional and presentation currency

Items included on the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity ("functional currency"). The financial statements are presented in Hong Kong dollars ("presentation currency").

(ii) Foreign currency transactions

Foreign currency transactions during the year are translated into Hong Kong dollars at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into Hong Kong dollars at foreign exchange rates ruling at the dates the fair value was determined.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) Translation of foreign currencies *(continued)*

(iii) Financial information of foreign operation

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relate to that foreign operation is included in the calculation of the profit or loss on disposal.

(u) Borrowing costs

Borrowing costs are expensed in the income statement in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(v) Affiliated companies

An affiliated company is a company, not being a subsidiary or an associate, in which a director of the Company has a significant beneficial interest.

(w) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(x) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, borrowings, tax balances, corporate and financing expenses.

2. TURNOVER

The principal activities of the Group are hotel and club operations, property investment and development and the provision of management services.

Turnover represents income from hotel and club operations, the proceeds from the sale of properties, rental income and the provision of management services. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2008 **HK$'000**	2007 HK$'000
Hotel and club operations		
– Rooms	**224,845**	209,199
– Food and beverage	**145,270**	128,509
– Slot machine income (Note)	**288,021**	226,299
– Other	**26,827**	23,699
	684,963	587,706
Proceeds from the sale of properties	**82,053**	25,160
Rental income	**34,488**	19,032
Management fee income	**6,306**	6,365
	807,810	638,263

Note: The slot machine income represents net proceeds earned from the operation of slot machines at one of the Group's hotels.

3. OTHER REVENUE AND OTHER NET (LOSS)/INCOME

		2008 HK$'000	2007 HK$'000
(a)	Other revenue		
	Interest income from bank deposits	42,507	39,622
	Dividend income from listed available-for-sale and trading securities	200	54
	Other revenue from hotel and club operations and miscellaneous income	1,839	1,035
		44,546	40,711
(b)	Other net (loss)/income		
	Net exchange gain	15,548	111,824
	Net realised and unrealised losses on trading securities	(38,721)	(9,253)
	Loss on disposals of fixed assets	(159)	(8,085)
	Others	–	(386)
		(23,332)	94,100

4. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

		2008 HK$'000	2007 HK$'000
(a)	Finance costs		
	Interest on bank advances and other borrowings wholly repayable within five years	291	1,001
	Interest payable on amount due to an affiliated company	86	200
	Other borrowing costs	3	60
		380	1,261
(b)	Staff costs		
	Salaries, wages and other benefits	68,381	62,269
	Contributions to defined contribution retirement plans	3,164	2,545
		71,545	64,814

4. PROFIT BEFORE TAXATION *(continued)*

	2008 HK$'000	2007 HK$'000
(c) Other items		
Cost of properties sold (Note 18)	15,377	4,687
Cost of inventories	100,820	83,668
Auditors' remuneration		
– Audit services	1,468	1,334
– Tax and other non-audit services	445	403
Operating lease charges for hire of premises	205	186
Rentals receivable from investment properties less direct outgoings of HK$2,990,000 (2007: HK$2,506,000)	(30,768)	(15,842)
Other rental income less direct outgoings	(10,933)	(9,505)

5. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	2008 HK$'000	2007 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	–	–
Current tax – Overseas		
Provision for the year	25,382	12,362
Over-provision in respect of prior years (Note (v))	(10,409)	(6,945)
	14,973	5,417
Deferred tax (Note 24(b))		
Change in value of investment properties	827	1,852
Future benefit of tax losses recognised	397	2,771
Origination and reversal of temporary differences	(487)	989
	737	5,612
	15,710	11,029

5. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT *(continued)*

(a) Taxation in the consolidated income statement represents: *(continued)*

Notes:

(i) The provision for Hong Kong Profits Tax for 2008 is calculated at 16.5% (2007: 17.5%) of the estimated assessable profits for the year.

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in the Profits Tax rate from 17.5% to 16.5% with effect from the year of assessment 2008/09. The effect of such decrease has been reflected in measuring the current and deferred tax balances for the year ended 31 December 2008. Tax provision are reviewed regularly to take into account changes in legislation, practice and status of negotiations.

(ii) Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

(iii) The provision for Corporate Income Tax ("CIT") in Vietnam is calculated at 15% (2007: 15%) of the estimated taxable profits for the year. Under the terms of the investment license of a subsidiary of the Group that is incorporated in Vietnam, the subsidiary has an obligation to pay the CIT at the rate of 15% on taxable income for the first 12 years commencing from the first year of operation and at a rate of 25% on taxable income thereafter. In addition, pursuant to the terms of the subsidiary's investment license, the subsidiary is eligible for a 100% relief from CIT for two years from the first year it records taxable profits and, thereafter, they are subject to CIT at 50% of the applicable income tax rate for the following three years.

(iv) No provision has been made for the PRC Enterprise Income Tax as the subsidiary established in the PRC has sufficient tax losses bought forward from previous years to offset the taxable profit for the current year.

On 16 March 2007, the Standing committee of the Tenth National People's Congress of PRC approved the income tax law, which will change the tax rate from 33% to 25% for a subsidiary operating in the PRC from 1 January 2008. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the deferred asset is realised or the deferred liability is settled.

With effect from 1 January 2008 onwards, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business but the relevant income is not effectively connected with the establishment or a place of business in the PRC, will be subject to withholding tax at the rate of 5% to 10% on various types of passive income such as dividend derived from sources in the PRC. Distribution of the pre-2008 earnings are exempted from the above-mentioned withholding tax.

(v) In prior years, the Group made the provisions for Macau Complementary Tax based on information available to the Group at that time. During the year ended 31 December 2008, the Group has reassessed the adequacy of those provisions and as a result of this evaluation, provisions for Macau complementary tax charged to the income statement in previous years totalling HK$10,409,000 (2007: HK$6,945,000) have been credited to the consolidated income statement for the year ended 31 December 2008.

(vi) Share of associates' tax for the year ended 31 December 2008 of HK$9,942,000 (2007: HK$11,634,000) is included in the share of profits less losses of associates.

5. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT *(continued)*

(b) Reconciliation between tax expense and profit before taxation at applicable tax rates:

	2008 HK$'000	2007 HK$'000
Profit before taxation	**296,929**	339,088
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	**46,075**	54,505
Tax effect of non-deductible expenses	**22,955**	7,612
Tax effect of non-taxable revenue	**(27,491)**	(28,633)
Tax effect of previously unrecognised prior years' tax losses utilised this year	**(1,161)**	(4,889)
Tax effect of tax concession obtained	**(13,705)**	(10,519)
Over-provision in respect of prior years	**(10,408)**	(6,945)
Others	**(555)**	(102)
Actual tax expense	**15,710**	11,029

6. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Compensation for loss of office/ inducement for joining the Group HK$'000	2008 Total HK$'000
Executive directors						
HO Kian Guan	90	1,212	191	–	–	1,493
HO Kian Hock	50	1,212	191	–	–	1,453
TSE See Fan Paul	75	–	–	–	–	75
CHAN Lui Ming Ivan	40	360	50	–	–	450
YU Yuet Chu Evelyn	65	683	161	12	–	921
HO Chung Tao*	10	181	10	–	–	201
HO Chung Hui*	10	–	–	–	–	10
HO Chung Kain* *(alternate to HO Chung Hui)*	–	–	–	–	–	–
Non-executive director						
HO Kian Cheong	25	–	–	–	–	25
Independent non-executive directors						
CHAN Yau Hing Robin	80	–	–	–	–	80
KWOK Chi Shun Arthur	90	–	–	–	–	90
WANG Poey Foon Angela	90	–	–	–	–	90
	625	3,648	603	12	–	4,888

* *appointed on 15 October 2008*

6. DIRECTORS' REMUNERATION *(continued)*

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Compensation for loss of office/ inducement for joining the Group HK$'000	2007 Total HK$'000
Executive directors						
HO Kian Guan	100	1,080	90	–	–	1,270
HO Kian Hock	55	1,080	90	–	–	1,225
TSE See Fan Paul	80	–	–	–	–	80
CHAN Lui Ming Ivan	35	240	20	–	–	295
YU Yuet Chu Evelyn	65	624	117	12	–	818
Non-executive director						
HO Kian Cheong	25	–	–	–	–	25
Independent non-executive directors						
CHAN Yau Hing Robin	85	–	–	–	–	85
KWOK Chi Shun Arthur	90	–	–	–	–	90
WANG Poey Foon Angela	90	–	–	–	–	90
	625	3,024	317	12	–	3,978

The Company does not have any share option scheme for the purchase of ordinary shares in the Company. None of the directors have received any share based payments from the Company or any of its subsidiaries during the year ended 31 December 2008 (2007: HK$Nil).

During the years ended 31 December 2007 and 31 December 2008, there were no amounts paid to directors and senior executives for the compensation for loss of office and inducement for joining the Group.

7. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with highest emoluments, two (2007: two) are directors whose emoluments are disclosed in Note 6.

The aggregate of the emoluments in respect of the three (2007: three) individuals is as follows:

	2008 HK$'000	2007 HK$'000
Salaries and other emoluments	**3,222**	2,653
Discretionary bonuses	**604**	845
Retirement scheme contributions	**97**	–
	3,923	3,498

7. INDIVIDUALS WITH HIGHEST EMOLUMENTS *(continued)*

The emoluments of the three (2007: three) individuals with the highest emoluments are within the following bands:

	2008 Number of individuals	2007 Number of individuals
HK$Nil – HK$1,000,000	–	1
HK$1,000,001– HK$1,500,000	3	2

8. PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a profit of HK$36,655,000 (2007: HK$207,225,000) which has been dealt with in the financial statements of the Company.

9. DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the year

	2008 HK$'000	2007 HK$'000
Interim dividend declared and paid of HK$0.05 (2007: HK$0.05) per ordinary share	17,010	17,010
Final dividend proposed after the balance sheet date of HK$0.125 (2007: HK$0.12) per ordinary share	42,525	40,824
	59,535	57,834

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

(b) Dividends attributable to the previous financial year, approved and paid during the year

	2008 HK$'000	2007 HK$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.12 per share (2007: HK$0.10 per share)	40,824	34,020

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK$185,250,000 (2007: HK$235,355,000) and on the 340,200,000 ordinary shares in issue during the years ended 31 December 2008 and 2007.

There is no potential diluted ordinary share during the years ended 31 December 2008 and 2007.

11. SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. Geographical segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

(a) Geographical segments by the location of assets

The Group's business operations are sub-divided into Macau, the People's Republic of China ("PRC"), the Socialist Republic of Vietnam ("Vietnam"), Canada and other markets classified by the location of assets.

Geographical segments

	2008					
	Macau HK$'000	PRC HK$'000	Vietnam HK$'000	Canada HK$'000	Others HK$'000	Total HK$'000
Turnover	125,588	61,384	617,960	1,180	1,698	807,810
Other revenue						
– allocated	13,074	328	6,292	–	–	19,694
– unallocated	–	–	–	–	24,852	24,852
Total revenue	138,662	61,712	624,252	1,180	26,550	852,356
Segment results*	61,711	4,028	190,671	428	(1,247)	255,591
Net exchange gain/(loss)	18,855	13,292	–	–	(16,599)	15,548
Increase in fair value of investment properties	2,920	–	–	–	–	2,920
Finance costs	(162)	(116)	–	–	(102)	(380)
Share of profits less losses of associates	–	–	14,815	8,435	–	23,250
Profit before taxation	83,324	17,204	205,486	8,863	(17,948)	296,929
Income tax						(15,710)
Profit after taxation						281,219
Minority interests	21,325	10,106	63,358	–	1,180	95,969
Profit attributable to equity shareholders						185,250
Depreciation of fixed assets	9,002	11,078	51,225	–	76	71,381
Capital expenditure incurred during the year	8,178	6,448	64,835	–	–	79,461
Segment assets #	670,262	188,490	536,752	–	68,113	1,463,617
Interest in associates	–	–	58,580	49,280	30,317	138,177
Unallocated assets	–	–	–	–	1,296,653	1,296,653
Total assets	670,262	188,490	595,332	49,280	1,395,083	2,898,447
Segment liabilities #	69,422	15,392	139,676	54	64,991	289,535
Unallocated liabilities	–	–	–	–	145,740	145,740
Total liabilities	69,422	15,392	139,676	54	210,731	435,275
Minority interests						436,203

* *Segment results of "Others" included net realised and unrealised losses on trading securities of HK$22,670,000.*

Segment assets and liabilities are before elimination of inter-segment balances.

11. SEGMENT REPORTING *(continued)*

(a) Geographical segments by the location of assets *(continued)*

Geographical segments (continued)

	2007					
	Macau HK$'000	PRC HK$'000	Vietnam HK$'000	Canada HK$'000	Others HK$'000	Total HK$'000
Turnover	52,773	54,789	528,227	1,139	1,335	638,263
Other revenue						
– allocated	15,384	275	1,344	–	–	17,003
– unallocated	–	–	–	–	23,708	23,708
Total revenue	68,157	55,064	529,571	1,139	25,043	678,974
Segment results*	20,716	3,597	144,076	260	16,469	185,118
Net exchange gain	41,629	13,592	–	–	56,603	111,824
Increase in fair value of investment properties	23,000	–	–	–	–	23,000
Finance costs	(347)	(635)	–	–	(279)	(1,261)
Share of profits less losses of associates	(7)	–	13,508	6,906	–	20,407
Profit before taxation	84,991	16,554	157,584	7,166	72,793	339,088
Income tax						(11,029)
Profit after taxation						328,059
Minority interests	33,001	9,723	47,920	–	2,060	92,704
Profit attributable to equity shareholders						235,355
Depreciation of fixed assets	5,843	10,222	63,994	–	176	80,235
Capital expenditure incurred during the year	18,127	1,946	33,422	–	–	53,495
Segment assets #	677,792	185,340	516,607	–	82,791	1,462,530
Interest in associates	–	–	43,764	54,684	34,630	133,078
Unallocated assets	–	–	–	–	1,055,935	1,055,935
Total assets	677,792	185,340	560,371	54,684	1,173,356	2,651,543
Segment liabilities #	60,686	17,379	109,269	67	46,975	234,376
Unallocated liabilities	–	–	–	–	155,112	155,112
Total liabilities	60,686	17,379	109,269	67	202,087	389,488
Minority interests						358,482

* *Segment results of "Others" included net realised and unrealised losses on trading securities of HK$2,993,000.*

\# *Segment assets and liabilities are before elimination of inter-segment balances.*

11. SEGMENT REPORTING *(continued)*

(b) Business segments

The Group comprises the following main business segments:

(i) Hotel and club operations

(ii) Property development, investment and management

	2008			
	Hotel and club operations HK$'000	Property development, investment and management HK$'000	Unallocated HK$'000	Total HK$'000
Revenue from external customers	685,365	122,445	–	807,810
Total assets #	834,763	714,950	1,348,734	2,898,447
Contribution to profit from operations	208,391	48,600	17,068	274,059
Capital expenditure incurred during the year	71,392	8,069	–	79,461

	2007			
	Hotel and club operations HK$'000	Property development, investment and management HK$'000	Unallocated HK$'000	Total HK$'000
Revenue from external customers	588,027	50,236	–	638,263
Total assets #	802,632	753,330	1,095,581	2,651,543
Contribution to profit from operations	160,740	218,072	(58,870)	319,942
Capital expenditure incurred during the year	35,453	18,042	–	53,495

Segment assets are before elimination of inter-segment balances.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. FIXED ASSETS

(a) The Group

	Investment properties HK$'000	Hotel properties HK$'000	Other properties and fixed assets HK$'000	Furniture, fixtures and equipment HK$'000	Interests in leasehold land held for own use HK$'000	Total HK$'000
Cost or valuation:						
At 1 January 2008	244,480	700,618	98,891	368,351	166,469	1,578,809
Additions	–	5,776	–	13,512	–	19,288
Transfer from properties under development (Note 14)	–	43,906	–	40,236	–	84,142
Disposals	–	–	(1,103)	(6,296)	–	(7,399)
Surplus on revaluation	2,920	–	–	–	–	2,920
Exchange adjustments	–	4,282	102	2,842	3,011	10,237
At 31 December 2008	247,400	754,582	97,890	418,645	169,480	1,687,997
Representing:						
Cost	–	754,582	97,890	418,645	169,480	1,440,597
Valuation – 2008	247,400	–	–	–	–	247,400
	247,400	754,582	97,890	418,645	169,480	1,687,997
Accumulated depreciation:						
At 1 January 2008	–	190,103	39,352	321,753	44,224	595,432
Charge for the year	–	34,404	3,606	29,822	3,549	71,381
Written back on disposals	–	–	(1,103)	(6,045)	–	(7,148)
Exchange adjustments	–	2,172	101	2,973	748	5,994
At 31 December 2008	–	226,679	41,956	348,503	48,521	665,659
Net book value:						
At 31 December 2008	247,400	527,903	55,934	70,142	120,959	1,022,338

12. FIXED ASSETS *(continued)*

(a) The Group *(continued)*

	Investment properties HK$'000	Hotel properties HK$'000	Other properties and fixed assets HK$'000	Furniture, fixtures and equipment HK$'000	Interests in leasehold land held for own use HK$'000	Total HK$'000
Cost or valuation:						
At 1 January 2007	221,480	680,895	99,034	358,781	160,042	1,520,232
Additions	–	3,000	723	25,756	–	29,479
Disposals	–	–	(1,047)	(24,907)	–	(25,954)
Surplus on revaluation	23,000	–	–	–	–	23,000
Exchange adjustments	–	16,723	181	8,721	6,427	32,052
At 31 December 2007	244,480	700,618	98,891	368,351	166,469	1,578,809
Representing:						
Cost	–	700,618	98,891	368,351	166,469	1,334,329
Valuation – 2007	244,480	–	–	–	–	244,480
	244,480	700,618	98,891	368,351	166,469	1,578,809
Accumulated depreciation:						
At 1 January 2007	–	147,455	35,424	293,984	39,475	516,338
Charge for the year	–	37,559	4,519	34,726	3,431	80,235
Written back on disposals	–	–	(701)	(15,262)	–	(15,963)
Exchange adjustments	–	5,089	110	8,305	1,318	14,822
At 31 December 2007	–	190,103	39,352	321,753	44,224	595,432
Net book value:						
At 31 December 2007	244,480	510,515	59,539	46,598	122,245	983,377

(i) The investment properties comprise various units of Luso International Bank Building and Ocean Gardens in Macau.

The investment properties were revalued by Infinity Property Development and Planning Limited, an independent firm of professional surveyors, with experience in the location and category of property being valued at 31 December 2008, on an open market value basis, after taking into consideration the net rental income allowing for reversionary income potential.

(ii) The Group leases out investment properties under operating leases, which generally run for an initial period of one to nine years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

The gross amount of investment properties of the Group held for use in operating leases was HK$247,400,000 (2007: HK$244,480,000).

12. FIXED ASSETS *(continued)*

(a) The Group *(continued)*

(ii) *(continued)*

The Group's total future minimum lease payments under non-cancellable operating leases of investment and hotel properties are receivable as follows:

	2008 HK$'000	2007 HK$'000
Within 1 year	25,047	19,954
After 1 year but within 5 years	51,943	74,588
After 5 years	18,015	34,163
	95,005	128,705

(iii) Land use rights were granted to the subsidiaries for their hotel properties in (a) Wuhan, the PRC with a period of 50 years after receiving an approval for extension of 20 years in 2004 in addition to the initial period of 30 years commencing on 21 August 1995, and (b) Ho Chi Minh City, Vietnam with a period of 48 years commencing on 7 May 1994.

(iv) A club house situated in Ocean Gardens is classified under other properties and fixed assets.

(b) The Company

	Other properties and fixed assets HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
Cost:			
At 1 January 2008 and 31 December 2008	4,013	503	4,516
Accumulated depreciation:			
At 1 January 2008	378	503	881
Charge for the year	77	–	77
At 31 December 2008	455	503	958
Net book value:			
At 31 December 2008	3,558	–	3,558
Cost:			
At 1 January 2007 and 31 December 2007	4,013	503	4,516
Accumulated depreciation:			
At 1 January 2007	303	402	705
Charge for the year	75	101	176
At 31 December 2007	378	503	881
Net book value:			
At 31 December 2007	3,635	–	3,635

12. FIXED ASSETS *(continued)*

(c) The analysis of the tenure of title to properties at net book value or valuation is as follows:

The Group

	Investment properties HK$'000	Hotel properties HK$'000	Other properties and fixed assets HK$'000	Interest in leasehold land held for own use HK$'000	Total HK$'000
Net book value or valuation:					
At 31 December 2008					
Held in Hong Kong					
– long lease	–	–	3,558	–	3,558
Held outside Hong Kong					
– short lease	192,800	–	51,146	186	244,132
– medium lease	54,600	527,903	–	120,773	703,276
	247,400	527,903	54,704	120,959	950,966
Net book value or valuation:					
At 31 December 2007					
Held in Hong Kong					
– long lease	–	–	3,635	–	3,635
Held outside Hong Kong					
– short lease	194,480	–	54,668	283	249,431
– medium lease	50,000	510,515	–	121,962	682,477
	244,480	510,515	58,303	122,245	935,543

The Company

	Other properties and fixed assets 2008 HK$'000	2007 HK$'000
Net book value:		
Held in Hong Kong under long leases	3,558	3,635

13. INTEREST IN SUBSIDIARIES

	2008 HK$'000	2007 HK$'000
Unlisted shares, at cost	39,667	39,667
Amounts due from subsidiaries – current account	666,097	705,250
	705,764	744,917
Amounts due to subsidiaries	20,950	21,736

Amounts due from/to subsidiaries are unsecured, interest-free and classified as non-current as they are not expected to be recovered/settled within next twelve months.

Details of the subsidiaries of the Group are set out in Note 34 to the financial statements.

14. PROPERTIES UNDER DEVELOPMENT

	The Group	
	2008 HK$'000	2007 HK$'000
At 1 January	24,016	–
Additions	60,173	24,016
Transfer to fixed assets (Note 12(a))	(84,142)	–
Exchange adjustments	(47)	–
At 31 December	–	24,016

15. INTEREST IN ASSOCIATES

	The Group		The Company	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
Unlisted shares, at cost	–	–	5	5
Share of net assets	109,208	99,796	–	–
Loans to associates	28,969	33,282	25,342	29,631
	138,177	133,078	25,347	29,636
Loans from associates	1,364	1,364	–	–

Details of the associates of the Group are set out in Note 35 to the financial statements.

15. INTEREST IN ASSOCIATES *(continued)*

(a) Loans to associates are unsecured, interest-free, have no fixed terms of repayment, and are not expected to be recovered/settled within one year.

Loans from associates are unsecured, interest-free with no fixed terms of repayment.

(b) Summary of financial information on associates:

	Assets HK$'000	Liabilities HK$'000	Equity HK$'000	Revenues HK$'000	Profit HK$'000
2008					
100 per cent	**819,933**	**538,220**	**281,713**	**531,430**	**60,259**
Group's effective interest	**331,947**	**222,739**	**109,208**	**153,937**	**23,250**
2007					
100 per cent	855,692	596,146	259,546	302,454	48,779
Group's effective interest	337,039	237,243	99,796	142,861	20,407

16. AVAILABLE-FOR-SALE SECURITIES

	The Group and the Company	
	2008 HK$'000	2007 HK$'000
Shares listed outside Hong Kong, at market value	**1,785**	3,702

17. TRADING SECURITIES

	The Group		The Company	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
Investment funds – unlisted but quoted	**36,273**	57,395	**18,136**	28,697
Listed equity securities – outside Hong Kong	**1,419**	–	**1,419**	–
	37,692	57,395	**19,555**	28,697

18. PROPERTIES HELD FOR SALE

	The Group		The Company	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
At 1 January	331,842	335,671	12,647	12,647
Additions	16,302	858	–	–
Properties sold during the year (Note 4(c))	(15,377)	(4,687)	–	–
At 31 December	332,767	331,842	12,647	12,647

(i) Properties held for sale comprise Ocean Park (situated in Singapore), Heng Fa Chuen (situated in Hong Kong), Ocean Industrial Centre II, Keck Seng Industrial Centre III and Ocean Gardens (all situated in Macau).

(ii) The lease term of the properties held for sale by the Group and the Company is summarised as follows:

	The Group		The Company	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
Held in Hong Kong – long lease	1,920	1,920	1,920	1,920
Held outside Hong Kong				
– short lease	320,120	319,195	–	–
– freehold	10,727	10,727	10,727	10,727
	330,847	329,922	10,727	10,727
	332,767	331,842	12,647	12,647

At 31 December 2008, the carrying value of the short-term leasehold land held outside Hong Kong included in properties held for sale was HK$16,821,000 (2007: HK$18,257,000).

(iii) At 31 December 2008, a subsidiary had mortgaged its land and buildings on Taipa Island classified as properties held for sale with a carrying value of HK$101,437,000 (2007: HK$98,510,000) to a bank to secure banking facilities to the extent of HK$85,000,000 (2007: HK$85,000,000) granted to that subsidiary. None of the banking facilities were utilised at 31 December 2008 (2007: HK$Nil).

19. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
Amounts expected to be recoverable:				
– within one year	35,247	25,570	788	1,539
– after one year	1,056	702	–	–
	36,303	26,272	788	1,539

The Group's credit policy is set out in Note 27(a).

Included in trade and other receivables are trade receivables (net of impairment losses for bad and doubtful debts) with the following ageing analysis as of the balance sheet date:

	The Group	
	2008 HK$'000	2007 HK$'000
Current or less than one month overdue	11,236	10,187
One to three months overdue	7,142	4,860
More than three months overdue but less than twelve months overdue	48	43
	18,426	15,090

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

The balance and the movement of the allowance for bad and doubtful debts as at 31 December 2008 and 31 December 2007 is not significant.

20. DEPOSITS AND CASH

	The Group		The Company	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
Deposits with banks and other financial institutions	1,292,286	1,063,300	434,802	392,604
Cash at bank and in hand	34,140	26,115	644	469
	1,326,426	1,089,415	435,446	393,073
Less: Deposits with maturity greater than 3 months	(34,050)	(16,011)	(15,669)	–
Cash and cash equivalents in the consolidated cash flow statement	1,292,376	1,073,404	419,777	393,073

21. BANK LOANS

(a) At 31 December 2008, the bank loans were repayable as follows:

	The Group		The Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year or on demand	**10,000**	9,749	**10,000**	5,000

(b) At 31 December 2008, the details of bank loans were as follows:

	The Group		The Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Secured (Note 18(iii))	**–**	4,749	**–**	–
Unsecured	**10,000**	5,000	**10,000**	5,000
	10,000	9,749	**10,000**	5,000

(c) All bank loans bear interest at floating interest rates which approximate to market rates of interest.

22. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Payables and accruals	**181,493**	140,955	**1,214**	1,045
Sales deposits and receipts in advance	**11,930**	10,852	**355**	348
	193,423	151,807	**1,569**	1,393

Included in trade and other payables are trade creditors with the following ageing analysis:

	The Group	
	2008	2007
	HK$'000	HK$'000
Due within one month or on demand	**8,517**	9,632
Due after one month but within three months	**15,726**	6,458
Due after three months but within six months	**1,655**	3,461
	25,898	19,551

23. LOANS FROM MINORITY SHAREHOLDERS

Loans from minority shareholders are unsecured, non-interest bearing, and payable on demand, except for a loan with nominal value of HK$103,894,000 (2007: HK$103,835,000) (before the effect of discounting in the amount of HK$7,778,000 (2007: HK$13,219,000)) which is repayable on 30 April 2010.

24. INCOME TAX IN THE BALANCE SHEET

(a) Taxation in the balance sheet represents:

	The Group		The Company	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
Provision for overseas taxation for the year	**25,381**	12,362	**95**	71
Tax paid for the year	**(15,151)**	(4,003)	**(154)**	(72)
Balance of overseas tax provision relating to prior years	**19,744**	21,956	**154**	156
	29,974	30,315	**95**	155

(b) Deferred tax assets and liabilities recognised:

The Group

The components of deferred tax (assets)/liabilities recognised in the consolidated balance sheet and the movements during the year are as follows:

	Revaluation of investment properties HK$'000	**Tax losses recognised** HK$'000	**Others** HK$'000	**Total** HK$'000
Deferred tax arising from:				
At 1 January 2008	**12,997**	**(2,567)**	**487**	**10,917**
Charged/(credited) to the income statement (Note 5(a))	**827**	**397**	**(487)**	**737**
At 31 December 2008	**13,824**	**(2,170)**	**–**	**11,654**
At 1 January 2007	10,635	(5,203)	(107)	5,325
Charged to the income statement (Note 5(a))	1,852	2,771	989	5,612
Exchange difference	510	(135)	(395)	(20)
At 31 December 2007	12,997	(2,567)	487	10,917

	The Group	
	2008 HK$'000	2007 HK$'000
Net deferred tax liability recognised in the balance sheet	**11,654**	10,917

24. INCOME TAX IN THE BALANCE SHEET *(continued)*

(b) Deferred tax assets and liabilities recognised: *(continued)*

The major component of unprovided deferred taxation of the Group is the future benefit of tax losses, which have been agreed with the relevant tax authorities, of HK$4,694,000 (2007: HK$4,050,000). The future benefit of tax losses which are subject to agreement by the relevant tax authorities at 31 December 2008 amounted to HK$388,000 (2007: HK$965,000), has not recognised as it is not probable that there will be sufficient taxable profits in the foreseeable future against which they may be offset.

The tax losses can be carried forward to offset against the taxable profits of the relevant subsidiaries in subsequent years for up to three to seven years from the year in which they were incurred or there is no restriction on their expiry depending on the tax jurisdiction concerned.

At 31 December 2008, the Company does not have any material deferred taxation assets and liabilities (2007: HK$Nil).

25. SHARE CAPITAL

	2008		2007	
	No. of shares	**HK$'000**	No. of shares	HK$'000
At 1 January and at 31 December				
Authorised:				
Ordinary shares of HK$1 each	**500,000,000**	**500,000**	500,000,000	500,000
Ordinary shares, issued and fully paid:	**340,200,000**	**340,200**	340,200,000	340,200

26. SHARE CAPITAL AND RESERVES

(a) The Group

Details of the movements in reserves of the Group during the years ended 31 December 2007 and 31 December 2008 are set out in the consolidated statement of changes in equity.

(b) The Company

	Share capital HK$'000	Share premium HK$'000	Exchange reserve HK$'000	Fair value reserve HK$'000	Revenue reserve HK$'000	Total HK$'000
At 1 January 2008	**340,200**	**158,105**	**736**	**3,110**	**687,411**	**1,189,562**
Dividends approved in respect of the previous year (Note 9)	**–**	**–**	**–**	**–**	**(40,824)**	**(40,824)**
Decrease in fair value of available-for-sale securities	**–**	**–**	**–**	**(1,917)**	**–**	**(1,917)**
Profit for the year	**–**	**–**	**–**	**–**	**36,655**	**36,655**
Dividends declared in respect of the current year (Note 9)	**–**	**–**	**–**	**–**	**(17,010)**	**(17,010)**
At 31 December 2008	**340,200**	**158,105**	**736**	**1,193**	**666,232**	**1,166,466**
At 1 January 2007	340,200	158,105	736	1,193	531,216	1,031,450
Dividends approved in respect of the previous year (Note 9)	–	–	–	–	(34,020)	(34,020)
Increase in fair value of available-for-sale securities	–	–	–	1,917	–	1,917
Profit for the year	–	–	–	–	207,225	207,225
Dividends declared in respect of the current year (Note 9)	–	–	–	–	(17,010)	(17,010)
At 31 December 2007	340,200	158,105	736	3,110	687,411	1,189,562

(c) Nature and purpose of reserves

(i) Share premium reserve

The application of the share premium account is governed by Sections 48B of the Hong Kong Companies Ordinance.

(ii) Legal reserve

The legal reserve is non-distributable and represents transfer from annual profits up to a maximum of 20 percent of the issued and paid up capital of the Macau subsidiaries in accordance with the Macau Commercial Code.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries and associates.

26. SHARE CAPITAL AND RESERVES *(continued)*

(c) Nature and purpose of reserves *(continued)*

(iv) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale securities held at the balance sheet date and is dealt with in accordance with the accounting policies in Note 1(f) and Note 1(j)(i).

(v) Other capital reserves

Other capital reserves represent the difference between the nominal value of the interest-free loans from minority shareholders and their carrying value accounted for in accordance with accounting policy set out in Note 1(m).

(vi) Distributable reserves

At 31 December 2008, the aggregate amount of reserves available for distribution to equity shareholders of the Company was HK$666,232,000 (2007: HK$687,411,000).

(d) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group currently has bank borrowings of HK$10,000,000 and has negative net debt on account of its large cash and cash equivalents. Adjusted capital comprises all components of equity less unaccrued proposed dividends.

In order to monitor its capital structure, the Group may adjust the amount of dividends to be paid to shareholders, issue new shares, return capital to shareholders or raise new debt financing.

The adjusted capital at 31 December 2008 and 2007 was as follows:

	The Group		The Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Equity	**2,463,172**	2,262,055	**1,166,466**	1,189,562
Less: proposed dividends	**42,525**	40,824	**42,525**	40,824
Adjusted capital	**2,420,647**	2,221,231	**1,123,941**	1,148,738

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

Substantially all the Group's cash and cash equivalents are deposited with financial institutions in Hong Kong, Macau, the PRC, Singapore, and Vietnam that are high-credit quality and meet the estimated credit rating or other criteria.

The Group's credit risk is primarily attributable to trade and other receivables. The Group has a defined credit policy. The general credit terms allowed range from 0 to 30 days. Trade receivables with balances that are more than three months overdue are requested to settle all outstanding balances before any further credit is granted. The exposures to these credit risks (including loans to associates) are monitored on an ongoing basis.

The Group does not have significant concentration of credit risk.

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the balance sheet date of the Group's and the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group and the Company can be required to pay.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(b) Liquidity risk *(continued)*

	The Group					
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Repayable within 1 year or on demand HK$'000	Repayable more than 1 year but less than 2 years HK$'000	Repayable more than 2 years but less than 5 years HK$'000	Repayable more than 5 years HK$'000
Bank loans	10,000	10,000	10,000	–	–	–
Trade and other payables	193,423	193,423	193,423	–	–	–
Loans from associates	1,364	1,364	1,364	–	–	–
Loan from an affiliated company	28,733	28,733	28,733	–	–	–
Loans from minority shareholders (Note 23)	133,131	140,908	37,014	103,894	–	–
Amounts due to an affiliated company	20,890	20,890	20,890	–	–	–
At 31 December 2008	387,541	395,318	291,424	103,894	–	–
Bank loans	9,749	9,749	9,749	–	–	–
Trade and other payables	151,807	151,807	151,807	–	–	–
Loans from associates	1,364	1,364	1,364	–	–	–
Loan from an affiliated company	28,926	28,926	28,926	–	–	–
Loans from minority shareholders (Note 23)	127,848	141,067	37,232	–	103,835	–
Amounts due to an affiliated company	28,562	28,562	28,562	–	–	–
At 31 December 2007	348,256	361,475	257,640	–	103,835	–

	The Company					
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Repayable within 1 year or on demand HK$'000	Repayable more than 1 year but less than 2 years HK$'000	Repayable more than 2 years but less than 5 years HK$'000	Repayable more than 5 years HK$'000
Bank loans	10,000	10,000	10,000	–	–	–
Trade and other payables	1,569	1,569	1,569	–	–	–
Amounts due to subsidiaries	20,950	20,950	20,950	–	–	–
At 31 December 2008	32,519	32,519	32,519	–	–	–
Bank loans	5,000	5,000	5,000	–	–	–
Trade and other payables	1,393	1,393	1,393	–	–	–
Amounts due to subsidiaries	21,736	21,736	21,736	–	–	–
At 31 December 2007	28,129	28,129	28,129	–	–	–

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(c) Foreign currency risk

The Group is exposed to foreign currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. As the United States Dollar ("USD") is pegged to Hong Kong Dollar ("HKD"), the Group does not expect any significant movements in the USD/HKD exchange rate. The currencies giving rise to foreign currency risk are primarily denominated in Vietnamese Dong, Australian dollars, Pounds Sterling, Euros, Canadian dollars and Japanese Yen. The Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

(i) Forward foreign currency contracts

During the year, the Group entered into forward foreign exchange contracts to manage its foreign currency risk arising from anticipated transactions denominated in currencies other than the entities' functional currencies.

At 31 December 2008, the derivative financial assets/liabilities arose from the forward foreign exchange contracts entered during the year:

	The Group and the Company	
	2008	2007
	HK$'000	HK$'000
Forward foreign exchange contracts at fair value through profit or loss		
– positive fair value	**296**	–
– negative fair value	**6,106**	–

Forward foreign exchange contracts with notional amount of HK$222,418,000 (2007: HK$Nil) were not qualified for hedge accounting and their corresponding changes in fair values were recognised in the consolidated income statement. All forward foreign exchange contracts were settled subsequent to the balance sheet date.

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(c) Foreign currency risk *(continued)*

(ii) Exposure to currency risk

The following table details the Group's exposure at the balance sheet date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	The Group					
	Vietnamese Dong '000	Pounds Sterling '000	Euro '000	Australian dollars '000	Canadian dollars '000	Japanese Yen '000
Trading securities	–	–	–	–	–	422,263
Cash and cash equivalents	65,305,970	–	–	56,432	60,707	202,448
Forward foreign exchange contract at fair value through profit or loss	–	–	–	21,544	16,034	–
At 31 December 2008	65,305,970	–	–	77,976	76,741	624,711
Trading securities	–	–	–	–	–	836,420
Cash and cash equivalents	103,528,548	8,977	35,337	30,109	28,684	201,888
At 31 December 2007	103,528,548	8,977	35,337	30,109	28,684	1,038,308

	The Company					
	Vietnamese Dong '000	Pounds Sterling '000	Euro '000	Australian dollars '000	Canadian dollars '000	Japanese Yen '000
Amount due from an associated company	–	–	–	–	2,750	–
Trading securities	–	–	–	–	–	211,131
Cash and cash equivalents	–	–	–	15,188	7,670	–
Forward foreign exchange contracts at fair value through profit or loss	–	–	–	21,544	16,034	–
At 31 December 2008	–	–	–	36,732	26,454	211,131
Amount due from an associated company	–	–	–	–	2,750	–
Trading securities	–	–	–	–	–	418,208
Cash and cash equivalents	–	6,849	16,739	8,498	4,106	–
At 31 December 2007	–	6,849	16,739	8,498	6,856	418,208

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(c) Foreign currency risk *(continued)*

(iii) Sensitivity analysis

The following table indicates the approximate change in the Group's profit after tax and retained profits in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the balance sheet date. Other components of equity would not be affected by changes in the foreign exchange rates:

	2008		2007	
	Increase/ (decrease) in foreign exchange rates %	Effect on profit after tax and retained earnings HK$'000	Increase/ (decrease) in foreign exchange rates %	Effect on profit after tax and retained earnings HK$'000
Vietnamese Dong	10	2,967	5	2,507
	(10)	(2,967)	(5)	(2,507)
Pounds sterling	10	–	5	6,993
	(10)	–	(5)	(6,993)
Euro	10	–	5	20,395
	(10)	–	(5)	(20,395)
Australian dollars	10	41,788	5	10,368
	(10)	(41,788)	(5)	(10,368)
Canadian dollars	10	49,023	5	11,466
	(10)	(49,023)	(5)	(11,466)
Japanese Yen	10	5,366	5	3,562
	(10)	(5,366)	(5)	(3,562)

The sensitivity analysis above has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to the Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. In this respect, it is assumed that the pegged rate between the Hong Kong dollars and the United States dollars would be materially unaffected by any changes in movement in value of the United States dollars against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effect on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the balance sheet date for presentation purposes. The analysis is performed on the same basis for 2007.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(d) Interest rate risk

The Group is exposed to interest rate risk through the impact of rates changes on income-earning financial assets, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice or the maturity dates, if earlier.

		2008		2007	
	Fixed/ floating	Effective interest rate	Within one year HK$'000	Effective interest rate	Within one year HK$'000
Cash and cash equivalents	Floating	0.18% ~ 3.04%	34,140	1.35% ~ 3.62%	26,115
Cash and cash equivalents	Fixed	0.28% ~ 7.52%	1,292,286	2.00% ~ 6.73%	1,063,300

At 31 December 2008, the Group had bank borrowings of HK$10,000,000. A reasonably possible change of 110 basis points in interest rates would have no material impact on the Group's profit or loss during the year and there is no impact on the Group's equity.

(e) Fair values

Fair values of debtors, bank balances and other liquid funds, creditors, accruals, current borrowings and current provisions are assumed to approximate their carrying amount due to the short-term maturities of these assets and liabilities, except for the interest-free loans due to minority shareholders with a repayment date at 30 April 2010, the carrying amount of which at 31 December 2008 was HK$96,117,000 (2007: HK$90,616,000), approximating its fair value, with the face value of loans in the amount of HK$103,894,000 (2007: HK$103,835,000). The fair value is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

(f) Estimation of fair value

Listed securities and unlisted investment funds

Fair value is based on quoted market prices at the balance sheet date without any deduction for transaction costs.

Forward foreign exchange contracts

Fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.

28. EMPLOYEE BENEFITS

The Group participates in defined contribution retirement schemes in Hong Kong, the PRC and Vietnam.

The companies of the Group operating in Hong Kong operate a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000. Contributions to the plan vest immediately.

28. EMPLOYEE BENEFITS *(continued)*

The employees of the Group's subsidiary operating in the PRC are members of central pension schemes operated by the local governments in the PRC and the subsidiary makes mandatory contributions to these central pension schemes to fund the employees' retirement benefits. The retirement contributions paid by the PRC subsidiary are based on 20% of the employees' salaries cost in accordance with the relevant regulations in the PRC and are charged to the consolidated income statement as incurred. The subsidiary discharges its retirement obligations upon payment of the retirement contributions to the central pension schemes operated by the local governments in the PRC.

The employees of the Group's subsidiary operating in Vietnam are members of social insurance fund schemes operated by the local governments in Vietnam and the subsidiary makes mandatory contributions to these social insurance fund schemes to fund the employees' retirement benefits, maternity benefits and sick leave benefits. The social insurance contributions paid by the Vietnam subsidiary are based on Social Insurance Regulations at the prevailing rate of 15% of basic salaries.

29. COMMITMENTS

(a) Capital commitments outstanding at 31 December 2008 not provided for in the financial statements as follows:

	2008 **HK$'000**	2007 HK$'000
Contracted for	**14,302**	40,647
Authorised but not contracted for	**3,742**	35,990
	18,044	76,637

(b) At 31 December 2008, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2008 **HK$'000**	2007 HK$'000
Leases on premises expiring within one year	**259**	192

30. CONTINGENT LIABILITIES

(a) At 31 December 2008, there were outstanding counter indemnities relating to guarantees issued by a subsidiary's bankers in favour of the Macau SAR Government in respect of properties held for sale amounting to HK$8,252,000 (2007: HK$8,252,000).

(b) At 31 December 2008, guarantees given by the Company to banks to secure banking facilities made available to an associate amounted to HK$65,989,000 (2007: HK$82,589,000).

(c) At 31 December 2008, guarantees given by a subsidiary and the Company to a bank to secure banking facilities made available to an associate amounted to HK$31,941,000 (CA$5,000,000) (2007: HK$39,975,000 (CA$5,000,000)).

(d) At 31 December 2008, the directors do not consider it probable that a claim would be made against the Group and the Company under any of the guarantees. The Group and the Company have not recognised any deferral income in respect of any of the above guarantee as their fair value cannot be reliably measured and they were issued many years ago and their transaction price was HK$Nil.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions.

(a) During the year ended 31 December 2008, certain subsidiaries of the Company had the following transactions, which were on normal commercial terms, with Goodland Limited ("Goodland"), an affiliated company which holds 28% of equity interest of the Company at 31 December 2008:

(i) Loan from Goodland amounting to HK$28,733,000 at 31 December 2008 (2007: HK$28,926,000) which is unsecured, interest-free and repayable on demand.

(ii) Amount due to Goodland of HK$20,890,000 at 31 December 2008 (2007: HK$28,562,000) comprises of:

– interest bearing accounts with certain subsidiaries of the Company amounting to HK$2,703,000 at 31 December 2008 (2007: HK$5,531,000). Interest payable by the subsidiaries amounted to HK$86,000 for the year ended 31 December 2008 (2007: HK$200,000).

– non-interest bearing accounts with certain subsidiaries of the Company amounted to HK$18,187,000 at 31 December 2008 (2007: HK$23,031,000).

(iii) Loans from minority shareholders classified under non-current liabilities at 31 December 2008 include amounts due to Goodland of HK$54,702,000 (2007: HK$55,840,000) in nominal value (before the effect of discounting in the amount of HK$4,095,000 (2007: HK$7,109,000)), which are unsecured, non-interest bearing and repayable on 30 April 2010.

(iv) A subsidiary of the Company rented certain of its properties to Goodland and received rental income (net of outgoings) amounting to HK$743,000 for the year ended 31 December 2008 (2007: HK$676,000).

(v) Certain subsidiaries of the Company paid management fees to Goodland amounted to HK$3,204,000 for the year ended 31 December 2008 (2007: HK$3,204,000).

Messrs Ho Kian Guan and Ho Kian Hock each had 1/2 indirect interest in Goodland and are also directors of Goodland. They are deemed to be interested in the aforesaid transactions.

(b) During the year ended 31 December 2008, certain subsidiaries of the Company has the following transactions, which were on the normal commercial terms with Ho Kian Cheong ("KC Ho"), a non-executive director and a substantial shareholder of the Company at 31 December 2008:

(i) Amounts due to KC Ho represented non-interest bearing accounts with certain subsidiaries amounting to HK$4,256,000 (2007: HK$4,281,000).

(ii) Loan from KC Ho represented an interest-free loan to a subsidiary made by KC Ho for the year ended 31 December 2008 amounting to HK$6,960,000 (2007: HK$7,007,000), which is unsecured and payable on demand.

(iii) Loans from minority shareholders classified under non-current liabilities at 31 December 2008 include amounts due to KC Ho of HK$13,251,000 (2007: HK$13,526,000) in nominal value (before the effect of discounting in the amount of HK$992,000 (2007: HK$1,722,000)), which are unsecured, non-interest bearing and repayable on 30 April 2010.

32. ACCOUNTING ESTIMATES AND JUDGEMENTS

Note 27 contains information about the assumptions and their risk factors relating to financial instruments. Other key sources of estimation uncertainty are as follows:

(a) Key sources of estimation uncertainty

(i) Valuation of investment properties

Investment properties are included in the balance sheet at their open market value, which is assessed annually by independent qualified valuers, after taking into consideration the net income allowing for reversionary potential. The assumptions adopted in the property valuation are based on the market conditions existing at the balance sheet date, with reference to current market sales prices and the appropriate capitalisation rate.

(ii) Estimated useful lives of properties, plant and equipment

The Group estimates the useful lives of fixed assets based on the periods over which the assets are expected to be available for use. The Group reviews annually their estimated useful lives, based on factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information. It is possible that future results of operation could be materially affected by changes in these estimates brought about by changes in factors mentioned. A reduction in the estimated useful lives of fixed assets would increase depreciation charges and decrease non-current assets.

(iii) Impairment of assets

The Group reviews internal and external sources of information at each balance sheet date to identify indications that assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased. The Group estimates the asset's recoverable amount when any such indication exists. The recoverable amount of an asset, or of the cash-generating unit to which it belongs, is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the assets. The preparation of projected future cash flows involves the estimation of future revenue and operating costs which are based on reasonable assumptions supported by information available to the Group. Changes in these estimates would result in additional impairment provisions or reversal of impairment in future years.

(iv) Impairment loss of available-for-sale equity securities

The Group determines that available-for-sale equity securities are impaired when there has been a significant or prolonged decline in the fair value below cost. The determination of when a decline in fair value below cost is not recoverable within a reasonable time period is judgemental by nature, so profit and loss could be affected by differences in this judgement.

(v) Deferred tax assets

The Group reviews the carrying amounts of deferred taxes at each balance sheet date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilised. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of its deferred tax assets to be utilised.

32. ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(a) Key sources of estimation uncertainty *(continued)*

(vi) Fair value of derivative financial instruments

In determining the fair value of financial instruments, the Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. For financial instruments that are not traded in active markets, the fair values were based on the discounted cash flows method which discounts the future contractual cash flows at the current market foreign exchange rates for similar financial instruments that were available to the Group at the time.

(b) Critical accounting judgements in applying the Group's accounting policies

The Group has temporarily leased out certain properties but has decided not to treat these properties as investment properties because it is not the Group's intention to hold them in the long-term for capital appreciation or rental income. Accordingly, these properties are still classified under properties held for sale.

33. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2008

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the accounting year ended 31 December 2008 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

In addition, the following developments are expected to result in amended disclosures in the Group's financial statements including restatement of comparative amounts in the first period of adoption:

		Effective for accounting periods beginning on or after
HKFRS 8	Operating segments	1 January 2009
HKAS 1 (revised 2007)	Presentation of financial statements	1 January 2009

34. SUBSIDIARIES

The following list contains the particulars of subsidiaries, all of which are controlled subsidiaries as defined under Note 1(c) and whose results, assets and liabilities have been consolidated into the Group financial statements. The class of shares held is ordinary unless otherwise stated.

Details of the subsidiaries are as follows:

Name of company	Place of incorporation/ operation	Issued equity capital	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the Company	Held by subsidiaries	
Ocean Incorporation Ltd	Macau	Two quotas of Ptc9,999,000 and Ptc1,000 respectively totalling Ptc10,000,000	100%	100%	–	Property investment and investment holding
Carrigold Limited*	British Virgin Islands/ Hong Kong	1 share of US$1	100%	100%	–	Investment holding
Crichton Assets Limited*	British Virgin Islands/ Hong Kong	1 share of US$1	100%	100%	–	Investment holding
Labond Developments Limited*	British Virgin Islands/ Hong Kong	1 share of US$1	100%	100%	–	Investment holding
KSB Enterprises Limited*	Canada	1 share of no par value issued at CA$1	100%	100%	–	Investment holding
Bardney Investment Limited*	Republic of Liberia/Macau	2 shares of no par value issued at HK$5,000 each	100%	–	100%	Investment holding
Lam Ho Investments Pte Limited	Singapore	32,507,299 shares	91.60%	–	91.60%	Investment holding
Shun Seng International Limited	Hong Kong	100,000 shares of HK$1 each	75.01%	–	75.01%	Investment holding
Golden Crown Development Limited	Macau	70,000,000 shares of Ptc1 each	70.61%	–	70.61%	Property development and property investment
Ocean Gardens Management Company Limited*	Macau	Two quotas of Ptc99,000 and Ptc1,000 respectively totalling Ptc100,000	69.90%	–	99%	Building management
Honister Investment Limited	Republic of Liberia/Macau	2 shares of no par value issued at HK$5,000 each	70.61%	–	100%	Financial holding
Ocean Club Recreational Company Limited	Macau	100,000 shares of Ptc1 each	70.61%	–	100%	Club operation

34. SUBSIDIARIES *(continued)*

Name of company	Place of incorporation/ operation	Issued equity capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Ocean Place Joint Venture Company Limited ("OPJV")	Vietnam	US$29,100,000	64.12%	–	70%	Operation of a hotel
Hubei Qing Chuan Hotel Company Limited*# ("Qing Chuan")	PRC	US$16,300,000	41.26%	–	55%	Operation of a hotel
Lam Ho Finance Limited*	British Virgin Islands/ Hong Kong	1 share of US$1	91.60%	–	100%	Financial investment

* *The financial statements of the subsidiaries not audited by KPMG and reflect total net assets and total turnover constituting approximately 7.76% (2007: 9.27%) and 9.71% (2007: 9.12%) respectively of the related consolidated totals.*

\# *Qing Chuan was incorporated in the PRC as Sino-foreign equity joint venture in 1995.*

35. ASSOCIATES

The following list contains the particulars of associates, all of which are unlisted corporate entities which affected the results or assets of the Group:

Name of associate	Form of business structure	Place of incorporation/ operation	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Chateau Ottawa Hotel Inc – note (a)	Incorporated	Canada	50%	–	50%	Operation of a hotel
Worldwide Properties Limited	Incorporated	Macau	50%	–	50%	Dormant
Trans-International Development Limited	Incorporated	Macau	40%	–	40%	Dormant
Shun Cheong International Limited – note (b)	Incorporated	Hong Kong	35.01%	–	35.01%	Property investment
Porchester Assets Limited ("PAL") – note (c)	Incorporated	British Virgin Islands	49%	49%	–	Investment holding
KSF Enterprises Sdn Bhd ("KSF") – note (d)	Incorporated	Malaysia	25%	25%	–	Investment holding

35. ASSOCIATES *(continued)*

Notes:

(a) Chateau Ottawa Hotel Inc owns a hotel in Ottawa licensed with Sheraton Inns Canada operating as the Sheraton Ottawa Hotel.

(b) Shun Cheong International Limited is engaged in property investment in the PRC.

(c) PAL has a wholly owned subsidiary, Glynhill Investments (Vietnam) Pte Ltd ("Glynhill"), which holds 51% in Chains Caravelle Hotel Joint Venture Company Limited ("CCH"). CCH is a joint venture company established under the laws of Vietnam between Glynhill and a local Vietnamese entity for the purpose of developing, renovating and operating the Caravelle Hotel in Vietnam. In accordance with the joint venture agreement and the subsequent increase in registered share capital on 19 May 1997, the legal capital of CCH is HK$143.8 million (US$18.6 million). Glynhill contributed HK$73.3 million (US$9.5 million) and the remaining balance of HK$70.5 million (US$9.1 million) was contributed by the Vietnamese joint venture partner in the form of the right of use to a parcel of land (2,612 sq.m.) for a term of 48 years. In addition, Glynhill is committed to secure on behalf of CCH or, alternatively, to provide further finance of up to HK$305.0 million (US$39.4 million) in the form of an interest bearing shareholder's loan towards the costs of developing and renovating the hotel and for general working capital requirements. The joint venture has a duration of 48 years from 8 October 1992 and may be extended for a further period subject to the mutual agreement of the joint venture partners and approval from the relevant local authority.

(d) KSF has a wholly owned subsidiary, KSD Enterprises Limited, which operates the Doubletree by Hilton at Toronto Airport and the Four Points Hotel by Sheraton in Gatineau, Quebec, Canada.

FIVE YEAR FINANCIAL SUMMARY

	2008	2007	2006	2005	2004 (restated)
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Consolidated income statement					
Turnover	807,810	638,263	628,347	586,063	403,668
Operating profit	273,679	318,681	268,039	159,126	119,958
Share of profits less losses of associates	23,250	20,407	13,446	34,859	14,827
Profit before taxation	296,929	339,088	281,485	193,985	134,785
Income tax	(15,710)	(11,029)	(15,822)	(14,500)	(4,994)
Profit for the year	281,219	328,059	265,663	179,485	129,791
Attributable to:					
Equity shareholders of the Company	185,250	235,355	203,031	122,363	97,446
Minority interests	95,969	92,704	62,632	57,122	32,345
	281,219	328,059	265,663	179,485	129,791
Consolidated balance sheet					
Fixed assets	1,022,338	983,377	1,003,894	1,025,059	1,090,356
Interest in associates	138,177	133,078	104,259	242,759	353,677
Properties under development	–	24,016	–	–	–
Available-for-sale securities	1,785	3,702	1,785	1,008	818
Deferred tax assets	–	–	5,310	4,508	–
Current assets	1,736,147	1,507,370	1,262,292	995,938	800,597
	2,898,447	2,651,543	2,377,540	2,269,272	2,245,448
Share capital	340,200	340,200	340,200	340,200	340,200
Share premium	158,105	158,105	158,105	158,105	158,105
Other reserves	1,528,664	1,405,268	1,213,571	1,046,966	925,803
Minority interests	436,203	358,482	284,480	230,149	186,233
Non-current liabilities	107,771	101,533	91,876	206,541	273,849
Current liabilities	327,504	287,955	289,308	287,311	361,258
	2,898,447	2,651,543	2,377,540	2,269,272	2,245,448
Other data					
Basic earnings per share (cents)	54.5	69.2	59.7	36.0	28.6
Dividends per share (cents)	17.5	17.0	13.0	8.0	4.5
Dividend cover (times)	3.1	4.1	4.6	4.5	6.4

Note: The figures for the year ended 31 December 2004 have been restated pursuant to the adoption of HKAS 1, HKAS 17, HKAS 40 and HK(SIC) Interpretation 21.

SCHEDULE OF PRINCIPAL PROPERTIES

At 31 December 2008

PROPERTIES HELD FOR RENTAL/INVESTMENT

Properties	Group's interest	Type	No of units	Gross floor area (sq. ft.)	Lease term
Luso International Bank Building 1, 3 and 3A Rua Do Dr Pedro Jose Lobo, Macau	100%	Office	40	30,264	Short lease
Ocean Plaza, I & II Ocean Gardens, Macau	70.61%	Commercial	47	94,525	Short lease
Ocean Tower Ocean Gardens, Macau	70.61%	Office	19	49,703	Short lease
Sheraton Ottawa Hotel Ottawa, Canada	50%	Hotel	236	193,408	Freehold
Doubletree by Hilton Toronto Airport, Canada	25%	Hotel	433	450,000	Freehold
Four Points by Sheraton Gatineau, Ottawa, Canada	25%	Hotel	201	121,206	Freehold
Caravelle Hotel Ho Chi Minh City, Vietnam	25%	Hotel	335	247,500	Medium lease
Holiday Inn Riverside Wuhan Wuhan, PRC	41.26%	Hotel	315	295,224	Medium lease
Sheraton Saigon Hotel & Towers Ho Chi Minh City, Vietnam	64.12%	Hotel	497	676,500	Medium lease

PROPERTIES HELD FOR SALE

Properties	Group's interest	Type	No of units	Gross floor area (sq. ft.)	Lease term
Ocean Industrial Centre, Phase II Rua dos Pescadores, Macau	100%	Industrial	3	22,921	Short lease
Ocean Park 530 East Coast Road, Singapore	100%	Residential	5	10,550	Freehold
Heng Fa Chuen Chaiwan, Hong Kong	100%	Residential	2	1,812	Long lease
Rose Court Ocean Gardens, Macau	70.61%	Residential	3	11,121	Short lease
Begonia Court Ocean Gardens, Macau	70.61%	Residential	4	10,548	Short lease
Orchid Court Ocean Gardens, Macau	70.61%	Residential	2	5,274	Short lease
Sakura Court Ocean Gardens, Macau	70.61%	Residential	37	137,159	Short lease
Lily Court Ocean Gardens, Macau	70.61%	Residential	29	53,005	Short lease
Aster Court Ocean Gardens, Macau	70.61%	Residential	40	113,200	Short lease
Bamboo Court Ocean Gardens, Macau	70.61%	Residential	40	113,200	Short lease

SAKURA COURT, OCEAN GARDENS, MACAU
澳門 海洋花園 櫻花苑